S. Hrg. 101-1093, Pt. 2

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS FOR FISCAL YEAR 1991

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

ON

H.R. 5114

AN ACT MAKING APPROPRIATIONS FOR FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1991, AND FOR OTHER PURPOSES

Part 2 (Pages 1-390)

Nondepartmental witnesses

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FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1991

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, DC.

NONDEPARTMENTAL WITNESSES

[Clerk's note.—The subcommittee was unable to hold the hearings on nondepartmental witnesses, but the statements of those submitting written testimony are as follows.]

[The statements follow:]

STATEMENT OF DAVID ALAMEEL, CHAIRMAN, AMERICAN LEBANESE LEAGUE

Mr. Chairman and Members of the Committee:

I am Dr. David Alameel, and I come before you today as chairman of the American Lebanese League, the largest and most representative group of Americans of Lebanese descent in the country. ALL is not a lobbying organization. Founded in 1976 to promote U.S.-Lebanese relations and to foster the sovereignty, security, democracy, and independence of Lebanon within the context of U.S. interests, we are an educational, humanitarian, and social organization with a broad national membership base representing the philosophy and ideals of the majority of the two and a half million Americans of Lebanese descent. We follow your deliberations with great interest, since our beloved Lebanon has suffered and bled so and so needs American help.

For many years, Americans and others around the world have understood the importance of the Lebanese idea--the idea that democracy, freedom, and tolerance can survive in this emotionally tense and deeply divided part of the world. It goes without saying that this Lebanese idea has been sorely tested, agonizingly tested, over the past decade and a half of unremitting conflict. While part of the responsibility for the conflict lies with the Lebanese for permitting themselves to be exploited by outsiders, there can be no question that foreign powers have been a principal cause of the suffering as well. Indeed, we have as a souvenir of this foreign interest the continuing occupation of Lebanon by Syrian, Israeli, Iranian, and Palestinian military forces.

But there is another kind of foreign interest, too, the kind our own country has manifested, and that is the interest unsullied by territorial or political ambition. As Lebanese Americans we are proud of our Lebanese heritage, but we are also proud of the unselfish aid the United States has consistently offered Lebanon over the course of the years of her trials.

Mr. Chairman, it would be premature to say that one can now see the light at the end of the tunnel in Lebanon, but at least we see a certain number of positive developments, and these positive developments have been far too rare in Lebanon in the past few years.

Mr. Chairman, it is important to note that virtually every country in the world has recognized the new government and the new president of Lebanon. Thus, the Lebanese now have a firm foundation of legality on which to rebuild their country. President Hrawi has reached out to all groups in Lebanon and to all foreign powers with the sincere hand of friendship and cooperation. This is an important development and bodes well for the future reconciliation of the country.

Within Lebanon, despite their reservations concerning elements of the Ta'if agreement, most Lebanese factions have also responded favorably. Some participate in the government; others are prepared to do so when more of the country is reunified under government authority. The Lebanese Forces quickly offered to turn over the army bases under its control to the government, and more recently has offered to take such actions as may be necessary to bring about effective government control of administrative Beirut.

We see progress even among Lebanese communities abroad. Our own American Lebanese League just completed its 14th annual convention, parts of which were nationally televised, in Washington, D.C., and the theme of the convention was "A Time to Heal." The convention received strong support from President Bush, Vice President Quayle, and the leadership of both houses of the Congress, as well as from the Lebanese president and prime minister. ALL officers visited the White House twice, as well as the Department of State, where they exchanged views with senior officials of the Administration. A powerful message of reconciliation and national bonding was put forth and was welcomed by diverse groups in the very large Lebanese American community. Steps were taken to ensure that this is merely the beginning and not the end--a beginning to draw the Lebanese and Lebanese Americans of different views and backgrounds together so that they may all participate in the rebirth and rebuilding of their beloved Lebanon. We are pleased to note that the convention received extraordinary coverage in Lebanon itself, spreading the message that it is indeed "a time to heal" among the Lebanese.

Mr. Chairman, we believe that at last the disastrous direction of Lebanese political developments has been reversed. There are strong indications and a solid reason to believe that a government of national unity will soon be able to extend its authority over substantial parts of Lebanon. At this juncture, it is important that the United States respond to the needs of the Lebanese in a sensitive, timely, concerned, and generous manner. The bonds of our two countries are long and deep, and we know the frustration that many of the Members have felt over the inability to provide effective assistance to Lebanon because of the situation of virtual chaos that has prevailed. As that situation ends, as a national unity government takes over, it is very important that we Americans extend our hands to the suffering Lebanese both in terms of offering relief and humanitarian assistance in the short term, and in terms of providing longer term assistance for the reconstruction of the country.

Unfortunately, not all the news from Lebanon is good, as we all know. This year has brought intense conflict to the Christian and Shiite communities. We have appealed to our Christian and Shiite brothers in Lebanon to put down their arms and to cease this senseless, internecine violence, and we hope our recent convention will help facilitate the healing process within as well as between the communities in Lebanon. These conflicts not only threaten the threads of hope that remain among the Lebanese and impede the reconciliation process, they have also destroyed a significant portion of the infrastructure of Lebanon. We must accord a high priority to overcoming the most immediate and human elements of this tragedy.

In the short term, ALL strongly supports the bills currently pending in Congress that would enable those Lebanese caught in the limbo of uncertainty in their homeland to remain in the United States for a period of time until security can be restored. We also urge the Congress to make available scholarships to help Lebanese students in the United States who are being forced to curtail their studies and to make available similar scholarships to Lebanese students in Lebanon unable to study in their own country due to the destruction of the schools, the shortage of teachers and materials, and the general disorder that has followed the last two years of savagery. Similarly, we hope the Congress will approve increased current assistance to schools and hospitals in Lebanon that are still functioning and for the rebuilding of other schools and hospitals. We are very concerned about the tentative decision of AUB to close the Off-Campus Program, and we urge the AUB board to reverse this regrettable approach which can only deny to many of qualified Lebanese the benefits of an American-style education.

We believe that, in view of the enormous infrastructural damage inflicted by the bloody and devastating fighting of the past two years, it would be appropriate and timely for the U.S. government to begin looking ahead to conducting, or supporting, a survey of immediate Lebanese national reconstruction needs. It is now not only a question of the kind of reconstruction discussed in and after 1982; the Beirut area in particular has had its most basic infrastructure--water, power, and communications--destroyed. Without the restoration of these basic services, the government itself will have a very difficult time in functioning. Moreover, these additional constraints on the government will seriously hinder stabilization and reconciliation. This planning assistance relates directly to existing U.S. policy and is one means by which the U.S. government can put actions behind its verbal support. Early attention should be given to placing Lebanon on next year's list of economic assistance recipients and to earmarking aid sufficient to meet at the very least the immediate human and infrastructural needs.

ALL was alarmed earlier to observe that the Administration reduced the aid earmarked for Lebanon from $7.5 millions to $1 million only. We are deeply grateful to the Congress which has seen fit to restore the earlier figure. If progress continues in Lebanon, we believe it will be appropriate to consider moving back toward the earlier and higher levels of assistance, since a functioning government and restored security would enable this assistance to be used productively and would send the right message to all the Lebanese.

We note that the United States has had to depend largely on the efforts of private, voluntary organizations (PVOs) to carry out the distribution of aid since the closing of the U.S. embassy in Lebanon. These PVOs have done a marvelous job and should be commended. We hope that security conditions will soon be established that will permit the early return to Beirut of the American diplomatic mission.

Mr. Chairman, it is a commonplace to recognize and laud the Lebanese business acumen, and most people believe that it is Lebanon's vigorous free-market philosophy and aggressive commercial mentality that will serve as the lead in national reconstruction. Yet, because of travel restrictions and other limitations on travel to Lebanon by Americans and other foreigners, Lebanese commerce is hampered. We would like to recommend that the Department of Commerce undertake a study to determine means by which U.S.-Lebanese business relations could be reinvigorated as soon as possible, with or without the current restrictions.

Over the longer term, it is imperative that the conditions that have produced 15 years of tragedy for Lebanon and 10 years of Lebanon-based terrorism and intensive narcotics trafficking for the rest of the world be brought to a speedy conclusion. This is not a Lebanese issue alone, because it is not Lebanese who are behind the commerce in either of these sordid commodities. We again beseech the U.S. government to put greater pressure on Syria to withrdraw its forces from Lebanon, to stop forthwith its support of terrorist groups, and to put an end to the narcotics cultivation it oversees and profits from in the parts of Lebanon under Syrian control. We recognize that the United States has important interests in the region that go beyond Lebanon's welfare, but Mr. Chairman efforts to induce Syria to assist the peace process have borne no fruit for 40 years. To mortgage America's interests in stopping terrorism and in putting an end to the inhuman cultivation of illicit narcotics to the chimera of Syrian participation in peace is to lose on all counts.

Sadly, there is little evidence to suggest that, in spite of Lebanese united opposition to the presence of foreign forces, any of the occupying groups intends to leave Lebanon. ALL strongly supports U.S. policy that all foreign forces should withdraw from Lebanon. However, 15 years after the entry of Syrian troops into Lebanon, those forces continue to occupy two thirds of the country, while Israeli, Palestinian, and Iranian forces occupy another 15 percent. We believe the United States should continue to urge the withdrawal of all foreign forces from Lebanon so that the Lebanese government can assume responsibility for its territory and remove these cancers of human society.

Mr. Chairman, again this year we recommend that, regardless of rank, all Syrian officials involved in international terrorist activities such as the bombing of PanAm flight 103 be indicted *in absentia*. We recommend the same action toward those Syrian officials involved in the trafficking of narcotics in Lebanon and Syria. The example of General Noriega, Colombian traffickers, and a number of terrorists caught and brought to trial in various Western countries may have at least a deterrent effect.

We also again recommend, Mr. Chairman, that serious consideration be given to extending some of the alternative-crop incentive programs applied in South America to Lebanon in conjunction with the extension of government authority to parts of the country, currently under Syrian occupation, in which farmers have been encouraged to grow, and have become accustomed to cultivating, illicit crops.

Once again, Mr. Chairman, ALL wishes to renew its support for the neutralization of Lebanon. Neither Lebanon nor the Middle East benefits from the attempts of countries from all over the Middle East to either enlist Lebanon in their conflicts with each other or to fight their battles on Lebanese soil. The result has been an intensification of other conflicts and the creation of new and complex hurdles in the Arab-Israeli peace process. ALL hopes that the recent progress in restoring legality will produce momentum toward a redefinition of Lebanon's political formula, a redefinition that will permit each group in Lebanon at once to enjoy the security it requires and to live the way of life it cherishes.

Mr. Chairman, I thank you again for the opportunity of addressing the Committee. I wish you the best in your deliberations. And I ask you to please remember Lebanon in your final decisions. Thank you.

STATEMENT OF DIANA E. McMEEKIN, VICE PRESIDENT, AMERICAN WILDLIFE FOUNDATION

On behalf of the African Wildlife Foundation's 120,000 members, we commend Congress on mandating U.S. international donor agencies to strengthen their efforts in the environmental and natural resources sector, especially those activities dealing with biodiversity and more specifically, with the African elephant.

Thirty years ago the African Wildlife Foundation (AWF) supplied vehicles and ranger uniforms to Africa's parks. Today basic support is still a part of what we do but in over thirty years of on-the-scene experience we have adjusted to the changing challenges of population, education and wildlife conservation to devise comprehensive projects which deal with all facets of natural resource management.

Three years ago field and research data began indicating that the African elephant was undergoing a sharp decline in numbers. AWF, in response to this frightening trend, expanded its programs to include projects devoted solely to elephant protection and habitat management.

We believe that the existing pressures on elephant populations in Africa necessitate such targeted actions in order to prevent herd sizes from dropping below critical threshold population levels.

We are convinced that USAID should continue to support elephant activities through both the African Elephant Protection funding and the Biodiversity program. Furthermore, we believe that an increase in funding for both programs is justified.

In a relatively short period of time, USAID has made significant progress in improving the management of elephants in many parts of Africa. It must be remembered that working toward solutions is not the sole responsibility of the U.S. Government or USAID. Local governments are the first line of defense, of course, and citizens and non-governmental organizations have a large role to play. However, AWF feels that USAID is ideally placed to make an important difference through its strong network of contacts with international and indigenous PVOs and its in-country staff who are sensitive to local issues.

While recommending that $5 million be earmarked for elephant projects, we wish to recognize that USAID already has a number of valuable projects underway in Africa. Although not all are strictly elephant projects, they have benefits for elephants in addition to focusing on human development through wildlife conservation. Listed below are several examples of projects which USAID is presently undertaking:

- **NEIGHBORS AS PARTNERS: THE TSAVO COMMUNITY CONSERVATION PROJECT (FY 1989)**

This project in the Taveta region of Kenya, adjacent to Tsavo West National Park, is implemented by AWF with a matching grant from USAID. Its purpose is to work with the community in identifying the environmental problems as perceived by the community and involving them in the solutions. Tangible benefits to the district from the project will include:

- job opportunities
- revenue from wildlife tourism
- establishment of campsites
- establishment of local tour operator services
- completion of a partially-built wildlife department building
- provision of electric fencing along a section of the park's boundary.

It is too early to analyze the results, but already the poaching of Tsavo elephants near that area has been reduced, whereas previously the local residents were thought to be tolerant of poachers. In addition, 10,000 head of cattle grazing inside the park have been voluntarily removed by their owners. Even greater cooperation is expected when the electric fence is constructed to keep the elephants out of the villagers' crops.

- **PLANNING AND ASSESSMENT FOR WILDLIFE MANAGEMENT (FY 1990)**

Another USAID funded project in the realm of planning for better wildlife management and legislation is about to begin in Tanzania. With AWF as the prime contractor (in conjunction with World Wildlife Fund), this 3-year project will provide technical assistance at all levels of the Ministry of Lands, Natural Resources and Tourism, to upgrade the Division of Wildlife's capabilities. There will be a very strong training component through hands-on experience, with the development of wildlife policies which encourage outside investment. Outcomes of the project will integrate wildlife utilization techniques into Tanzania's National Economic Recovery Plan.

- **COMMUNITY CONSERVATION INITIATIVE (FY 1990)**

AWF has completed plans to assist Dr. Richard E. Leakey, Director of the Kenya Wildlife Service (KWS), to develop a national capacity for a Community Conservation project to be designed and implemented in the region of each of Kenya's national parks. This initiative will provide the framework for implementation of Kenya Wildlife Services' proposal to return one-fourth of the gate receipts to areas surrounding each of the parks. This joint AWF/KWS project will begin immediately and the design will be completed within twelve months allowing for rapid implementation.

o ASSISTANCE FOR THE AFRICAN ELEPHANT (PROPOSED FY 1991)

AWF is currently chairing the African Elephant Conservation Coordinating Group (AECCG). In that capacity AWF has a proposal currently pending with USAID which asks for support to produce country by country elephant conservation plans for each of those 34 range states that elect to be assisted in this way. From evidence to date, AECCG members expect all but a couple of the range states to participate.

The proposed project calls for involved countries to receive assistance in preparing:

- national elephant conservation plans
- listings of existing investments and projects funded by both national government sources and external donors
- estimates of future investment and support needs.

At the end of the project, a summary analysis of all the national elephant plans will be produced, as a preparatory document for a range-states' meeting, and as an aid to both donor agencies and range states.

The above projects, as well as many others funded by USAID, have important long-term benefits for the local economies involved, and consequently for the protection of elephants and other wildlife. AWF would hope that any earmarked funds for Fiscal Year 1991 would not limit USAID's ability to continue such projects, but would be directed to be spent within the expanded scope of their current Natural Resources Plan for Africa.

In conclusion, AWF wishes to underscore that the combined efforts of USAID (as a bilateral funding source), new emerging leadership in Ministries of tourism and national parks in key African countries, and, finally, NGOs and local PVOs, are beginning to make a profound impact on wildlife resources. It is absolutely essential that the leadership of the U.S. Government continue and that the U.S. Congress demonstrate its support of these joint efforts by providing resources to allow them to continue and expand. We strongly endorse the funding levels proposed and recommend that the Senate Subcommittee on Foreign Operations set guidelines that are sufficiently broad so as to allow the flexibility required for dealing with the complex issues that comprise natural resource conservation in Africa.

STATEMENT OF TANYA RAHALL, EXECUTIVE DIRECTOR, AMERICAN TASK FORCE FOR LEBANON

I am Tanya Rahall, Executive Director of the American Task Force for Lebanon, here in Washington, D.C. The Task Force is an organization whose goal is to heighten awareness of the American public and United States government officials and policy makers to the plight of the Lebanese people. We are a group of over 100 prominent Americans of Lebanese heritage from all backgrounds and religions. We do not take sides in the struggle in Lebanon but rather hope that by our own interfaith cooperation and consensus, we can set an example for the Lebanese to follow. Our members comprise not only all religious groups in Lebanon, but also a prominent roster of American talent in business, law, medicine and the arts, as well as officials in high public office, including three members of Congress.

Recently, along with our Chairman Peter J. Tanous and Vice Chairman Dr. Joseph Jacobs, I had the opportunity to meet with Governor Sununu in the White House. We had a wide-ranging discussion about the problems in Lebanon and came away with a strong impression that the fate of Lebanon and the Lebanese people is of deep concern to the Administration.

Indeed, the people of Lebanon are suffering as perhaps few people have suffered in history. A war which has lasted for 15 years defies both logic and morality and as always, it is the people who suffer. Charles Osgood of CBS News recently cited a statement issued by UNICEF's representative in Lebanon, estimating that at least 40,000 children have been killed during the Lebanese Civil War, with many more wounded and handicapped. Despite these and other tragedies, we believe that there is still hope for Lebanon and that diplomatic efforts are underway which may finally bring the unbearable conflict to an end. But in the meantime, there is urgent need for assistance to the beleaguered civilians who are the main victims of the violence. Today, as a result of the relentless fighting, 35% of Lebanon is without water, 70% is without electricity, and much of the country is without adequate food or medical supplies. The Lebanese pound, which stood at 3.5 to the dollar in 1983, has now inflated to an astronomical 650 to the dollar. This has put the price of needed imports of food and commodities completely out of reach for most Lebanese. Never have the Lebanese needed more help than they do now. But they are a proud people, and it hurts to ask.

Lebanon is the oldest democracy in the Middle East and a long-standing ally of the United States. Our government has a proud history of support and aid to the needy around the world and today the need in Lebanon is great. But often, this question is raised: How can we be sure that our aid is being distributed, not only equitably, but at all? We, at the American Task for Lebanon, are vitally concerned that the aid given to Lebanon reaches all those in need, and only them. Moreover, we are equally concerned that the vast majority of the funds appropriated go to the needy and not the administrators.

It has been stated by American officials making the case for foreign assistance, that 75% of aid appropriated to US-based PVO's is spent in the United States in the form of products and administrative costs. From the experience of many PVO's, administering a typical aid project costs between 5 and 12 percent of the appropriated funds when indigenous personnel are employed. But when the project is administered in the United States, the cost zooms to between 15 and 50 percent of the total. Lebanon is not an underdeveloped country lacking the technical expertise to administer aid projects by itself. We would suggest that more of the money be turned over to indigenous Lebanese PVOs, providing that these indigenous PVOs have a history of sound accounting. This is not to say that US-based PVO's do not play a vital role for the Lebanese. Some of them have extremely low overheads, even comparable to the Lebanese PVOs. We wish to acknowledge and thank organizations such as Save the Children, Catholic Relief Service, YMCA, World Rehabilitation Fund, and the American Red Cross for their exceptional performance in dispensing aid.

Congress is rightfully concerned about accountability. There are some international auditing firms based in Beirut that have the ability to check the fiscal responsibility of the Lebanese PVOs.

Another possibility for the auditing of the Lebanese PVOs, would be for international teams to go into Lebanon. AID recently dispatched a team from Kenya to audit the YMCA. The teams need not go into Beirut The Kenyan team conducted its audit in Cyprus.

We are pleased to report that the Lebanese government participated in a meeting of all the major donor countries and PVOs operating in Lebanon. This meeting, organized by UNDRO, was held in Geneva on June 25-26, 1990, and a report was issued specifying, in great detail, the needs of Lebanon. We believe that this report can be used as a guide to eliminate duplication of aid experienced by Lebanon in the past. It is precisely this type of cooperation with the Lebanese government that will help ensure efficiency and proper accountability. To strengthen these efforts, we strongly suggest the return of our diplomatic mission to Lebanon.

A bill introduced by Representative Mary Rose Oakar earmarking $7.5 million for development or economic support assistance to Lebanon for both FYs 1990 and 1991, was unanimously adopted by the House in 1989 as part of Chairman Fascell's *en bloc* amendment to the FY 90-91 Foreign Assistance Authorization Bill. Funds were appropriated in 1990, and this year, the full House approved by voice vote an amendment appropriating the funds for FY 91. We kindly request that you, Mr. Chairman, and members of this Subcommittee, appropriate, at minimum, the currently authorized $7.5 million in humanitarian assistance for Lebanon. We believe this request to be modest, given the needs, and realistic, given the overall commitments to foreign aid by our government. Indeed, $7.5 million may be a pittance in our overall foreign aid budget, but that amount may well assure the survival of hundreds, if not thousands, of Lebanese citizens.

The Washington Post National Weekly Edition (June 11-17, 1990), in an article entitled "Vying for Slivers of the Foreign Aid Pie" reported on the use of U.S. foreign aid. You, Mr. Chairman, as well as other legislators and Administrative officials, were quoted expressing concern for the rationale and structure of foreign aid. Yes, there are rising needs around the world, but, as conveyed in the article, we cannot simply turn our backs on "old friends". Doing so might severely hinder or damage American interests around the world.

Mr. Chairman, the war in Lebanon will end one day. When the country rises from the ashes, we know that the Lebanese people will remember that Americans cared, that Americans helped, that Americans did not let them down in the depths of their tragedy.

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STATEMENT OF MARILYN ROCKY, REGIONAL DIRECTOR FOR NORTH AMERICA CHILDHOPE

My name is Marilyn Rocky, Director of CHILDHOPE USA, the U.S. based affiliate of CHILDHOPE. CHILDHOPE is an international advocacy movement for street children with headquarters in Rio de Janeiro, Brazil, with regional offices in the Philippines, India, Guatemala,Brazil and support offices in the United Kingdom and the United States.

On behalf of CHILDHOPE, it is a pleasure to submit this testimony today before the Senate Appropriations Subcommittee on Foreign Operations. In July 1989, I had the opportunity to testify before this Subcommittee on the situation of street children in the Philippines for the Multilateral Assistance Initiative for the Philippines. In June 1988, the Executive Director of CHILDHOPE also had the privilege of appearing before this Subcommittee. As a result of that testimony, the Subcommittee voted to appropriate $3 million to CHILDHOPE (channeled through the U.S. contribution to UNICEF) to support our initiatives on behalf of street children and their families in the developing world.

We are grateful for the assistance granted to CHILDHOPE by the Subcommittee and commend it for its long-term vision and commitment to the most vulnerable families and children of the developing world. Without specific recognition of the special needs of street children, they are frequently neglected in our overseas development assistance efforts. The funding appropriated by the Subcommittee has gone a long way toward advocating on behalf of, and supporting projects, for these street children and their families.

The purpose of my testimony today is: (1) to update the Subcommittee on the current situation of street children and their families in the developing world, (2) to report on CHILDHOPE's work in the past two years, and (3) to discuss our future plans for expanding our work on behalf of street children.

THE CURRENT SITUATION OF STREET CHILDREN IN THE THIRD WORLD

The past 10 years have taken a devastating toll on the poorest families and children in developing countries. As UNICEF reports in its State of the World's Children 1990, average incomes fell by 10 percent in Latin America and by more than 20 percent in sub-Saharan Africa during the 1980's. In many urban areas, wages have declined by as much as 50 percent since 1980. The debt crisis, drought, war, civil unrest, environmental degredation, and rapid population growth in the past 10 years have all contributed to the growing number of families and children living in urban slums in developing countries. By the end of the 1990's, an estimated three out of five residents of Third World cities will live in shantytowns, and slums -- representing a quarter of the world's population. Most of these people will be children.

Street children are the children of these urban-based, low income families, many of them drawn from the countryside into the cities in search of jobs that often do not exist. Unfortunately, it is impossible to say how many children have been added to this population of street children in the past ten years. No one has bothered to count. These children and youth do not show up in national censuses or surveys. In fact, if you ask officials in many countries, they will deny the existence of these children.

We do know, however, that more than 300 million children and youth ages 18 and under live in poverty in urban areas of the Third World. Of these, tens of millions of children and youth work and live on the streets. The following are some national estimates:

-- In Ethiopia, an estimated 5,000 children live in the streets.
-- In Dhaka,Bangladesh, some 45,000 children are estimated to be working in the streets.
-- In the Philippines, an estimated 1.2 million children and youth are either living or working in the streets.
-- In India, 44 million children and youth are working to help support their families, either in city streets, factories or fields.

-- In Brazil, 17 million children and youth work in and 7 million children live in the streets.
-- In Guatemala, 1.4 million children work to aid their families.
-- In Mexico, 10 million children work and live in the streets and more than 250,000 youth and children live in the streets.

The daily lives of these children and their families are a testament to their will to survive under adverse conditions:

-- The vast majority of these children -- 75 percent -- continue to live with their families, working on the streets during the day to contribute to their families' meager incomes.
-- Street children work in a variety of jobs that require few formal skills and produce relatively little income: selling newspapers; hauling garbage; washing cars; carrying luggage for tourists. Other sources of income include begging, theft, robbery,prostitution, or drug trafficking.
-- The work of street children is often dangerous and injurious to their physical and mental health. Children who are involved in illegal employment such as prostitution or drug trafficking face dangers of violence, sexual exploitation, abuse, and exposure to sexually transmitted diseases, including AIDS.
-- Street children face numerous health problems, including drug abuse, which offers an escape from the harsh daily realities of family break-up, poverty, hunger and homelessness. The majority of street children use inhalants, including industrial-purpose glue, paint thinner, and other solvents, which can lead to lung damage, brain and kidney damage, and malnourishment.
-- Recent studies have found that street children are especially vulnerable and increasingly being exposed to the Human Immunodeficiency Virus (HIV) that causes AIDS. Although data is limited, studies in Brazil, Sudan and Mexico have found HIV-positive rates of between 2 and 10 percent among street children, for whom unprotected sex with multiple partners is a way to make a living.
-- For girls living and working on the street, living

conditions can be even more exploitative. A recent study conducted by CHILDHOPE in Latin America found that the lives of street girls are characterized by early sexual initiation and abuse, exposure to STDs, and unwanted pregnancies. One study determined that more than 500,000 young women under the age of 20 are working as prostitutes in Brazil alone.

These examples could go on for pages. The bottom line is that street children and their families urgently need appropriate services and programs. And, yet, in the past 10 years, spending on social services has declined for children and youth in most of the developing world. Per capita spending on education in the world's 37 poorest countries has fallen by 25 percent over the past few years and per capita spending on health has fallen by half. As an example, in Uganda in Africa funds currently available for social services and health needs of that country are approximately one dollar per person per year!

This decline in spending on social services and economic crises of the 1980's, including the debt crisis, have had a direct and disasterous effect on the quality of life of children and youth. The proportion of six to eleven-year-olds enrolled in primary school is now falling in nearly every part of the developing world. Currently, more than 90 percent of the children in the developing world start school, yet 40 percent of the estimated 100 million six-year-olds who start school in 1990 will not finish the sixth grade. The majority of these children will drop out to contribute to their family's declining incomes by working in the field, in the home or - increasingly - on city streets.

Without specific and appropriate measures to reach these children and their families, the numbers of street children will only increase. Our traditional develpment "menu" of education, nutrition, health, family planning, rural development, and debt relief will not reach these children and their families unless specific measures are taken to channel this assistance through non-traditional means designed specifically to meet their needs.

CHILDHOPE'S ACTIVITIES 1988-1990

Since its beginning in 1986, CHILDHOPE has worked diligently to establish a worldwide network of programs and advocates working on behalf of street children. CHILDHOPE representatives have conducted national studies in 25 countries to determine the realities and needs of street children, formulated plans of action, and worked with local organizations and with the regional offices of UNICEF to implement these plans. CHILDHOPE does not operate programs directly for street children. In this way, CHILDHOPE supports local organizations applying local solutions to meet local needs.

The following are specific areas CHILDHOPE works in:

-- Technical and financial assistance to local programs.
-- International advocacy efforts, including local and national street children campaigns to raise awareness about their needs.
-- The promotion of street education and other non-formal education methods, as well as vocational education and income generation projects.
-- The support of innovative AIDS prevention education and other health-related programs.
-- Development education designed to inform children -- and adults -- in the industrialized world about street children in the developing world.
tion oriented research projects on the conditions of street children and on especially at-risk groups such as street girls.

Within each of these areas, specific accomplishments in the past two years include:

-- Completion of a multiple city study in several Third World countries on the situation of street girls.
-- The formation of the Southeast Asian Network for street children
-- The PRO-Child Campaign (Protection, Respect and Opportunity for Street Children) in February 1989, in Guatemala City; supported by CHILDHOPE, along with UNICEF,

the NGO community and the Guatemalan Governemnt, 2,000 street children participated in workshops, press conferences, television programs, marches -- all to dramatize the difficult situation of their lives and to encourage support for program services in their behalf.

-- Educational and training seminars for street educators in Guatemala, Honduras, El Salvador and Nicaragua, as well as the Dominican Republic and Brazil.

-- The First Southeast Asian Conference on Street Children in Manila in May of 1989, with the assistance of UNICEF and several Philippine NGOs.

-- The development of a global health initiative on behalf of street children in the areas of primary health care,AIDS prevention and education and drug abuse prevention and education.

-- Collaboration with the Peace Corps in Honduras along with the Center for Population Options to train Peace Corps volunteers to work with street children in life planning skills.

-- The financial support of dozens of community based programs working with street children in Asia, Africa and Latin America.

-- Invitations to send CHILDHOPE representatives into Vietnam and mainland China to do a situational analysis of street children in those countries

-- Being invited to be part of the mini-consultative meetings in the Philippines in regards to the Multilateral Assistance Initiative. CHILDHOPE is advocating that money from the MAI be appropriated to the needs of street children in that country.

AN AGENDA FOR STREET CHILDREN FOR THE 1990's

The Subcommittee's funding of $3 million to CHILDHOPE in 1988 combined with funding from other sources made it possible for us to carry out these efforts. Nevertheless, much more remains to be done to fully implement a worldwide networks and initiatives on behalf of street children. While our funding to date has allowed us to start an extensive international network, we need additional and continuing resources to enable our international representatives to support more programs, to open operations in Africa, to train additional street educators, to promote intensified AIDS education, to promote drug awareness ation, to develop vocational training and income generation projects for street children and their familes, and to provide health services for street childrn.

Specifically, for 1990-91, CHILDHOPE plans to implement the following:

-- The global health action plan for street children, stressing AIDS education and prevention and drug education and prevention.
-- Income generation projects and job training for street children and their families.
-- Development of and support for projects and programs working with street girls to insure their special needs are met.
-- Training of more street educators in all of CHILDHOPE's regional centers.

-- Development of and support for alternative education programs for street children.
-- Global advocacy and support for the Convention on the Rights of the Child.

CHILDHOPE will also work with international development organizations and national governments to urge them to include street children in their development agendas. However, until street children and their families are included in the mainstream of development, they will continue to live on the fringes of society -- witness to the dramatic economic and social development around them, but always outside of it.

CONCLUSION

The numbers and statistics regarding street children and their families may sound abstract and removed. But they translate into harsh realities for millions of children and youth. Consider the following examples of REAL children:

-- Elizabeth, a 10-year-old Kenyan girl who works 11 hours a day as a maid to send money to her family in rural Western Kenya.
-- Chupeta, a 10-year-old Brazilian street youth who earns $10 a day stealing watches and jewelry and then spends it on sniffing glue to forget his loneliness.

-- Pen, a 13-year-old Thai girl, sold by her father to a brothel so he could pay his debts.
-- Juan Diego, a 20-year-old Mexican street youth, dying of AIDS which he acquired from working as a male prostitute.
-- Or Giovani, an 18-year-old Guatemalan street youth who was imprisoned and tortured for petty street crimes, who had worked as a messenger for CHILDHOPE, and just a few months ago was brutally tortured and murdered by a death squad.

These children and youth -- the poorest and most vulnerable children of the developing world -- are paying the Third World's debt with their childhood, and sometimes with their lives. While other children are playing chase or collecting insects on the school lawn, these children are working, [illegible] abused, and selling their bodies to survive another day. Street children are the "canaries in the coal mine" of our time. And their collective voices are telling us that life in the coal mine of the Third World's city streets is not safe for living things.

CHILDHOPE is joining forces with thousands of dedicated individuals around the world who are working to ensure that the voices of these children are not ignored. With continued support from the U.S. Congress, we can extend our effort.

STATEMENT OF ANNA RHEE, ON BEHALF OF THE INTERFAITH ACTION FOR ECONOMIC JUSTICE

Mr. Chairman, my name is Anna Rhee, Associate Director of the General Board of Church and Society of the United Methodist Church. I appear on behalf of Interfaith Action for Economic Justice, an organization of 34 national Protestant, Roman Catholic, and Jewish agencies that work together for more just U.S. domestic and international economic policies and programs.

We seek to influence public policy because we believe that current economic problems cannot be dealt with effectively apart from shared moral values. From our perspective as religious organizations, the fundamental goal of U.S. policies should be the fulfillment of the basic needs of all people, especially poor people, the protection of human rights and human dignity, the promotion of justice and peace, and the stewardship of creation.

We appear before you at this time because of our continuing concern for the content and scope of the U.S. foreign assistance program and its ability to support the growth of equitable and environmentally sustainable development in Third World countries.

Your deliberations on the Fiscal Year 1991 foreign aid appropriations take place in a very different and much more hopeful global context than even one year ago. The lessening of tensions between the United States and the Soviet Union and the political transformation of eastern Europe have significantly altered the context of U.S. foreign relations. We are convinced that this rapidly changing world scene, in turn, calls for a reassessment of foreign policy priorities, including the U.S. foreign aid program.

The waning of the Cold War and the movement toward negotiated solutions to long-running conflicts in several regions - Central America, southern Africa, and increasingly Afghanistan, Cambodia, and the Horn of Africa - seriously challenge some long-held assumptions about who should receive assistance, how much is necessary, and what types of aid best serve local needs. In stark contrast to progress on the political front, however, global economic problems - in particular the deepening of the abject poverty affecting hundreds of millions of people in Africa, Asia and Latin America - loom larger than ever.

We believe that a thorough review of foreign aid allocations is called for and suggest that the time has come for major shifts from security assistance to development assistance, with the objective of making the U.S. foreign aid program more responsive to both local and global realities, more supportive of equitable economic development and less wedded to the reasoning of the past. We propose as a minimum step toward a better balanced foreign assistance program, more oriented to human needs, that the present ratio of security assistance (60 percent) to development assistance (40 percent) be reversed.

We suggest that the needs of today's world will best be met if the primary goals of U.S. foreign aid are: (1) poverty alleviation; (2) the promotion of economic policies which permit poor people to increase their productive assets; (3) the expansion of opportunity for people to participate in important decisions affecting their lives; (4) the protection and preservation of the natural environment; and (5) the peaceful resolution of conflict.

With these concerns, purposes and goals in mind, we propose the following reductions, increases and conditions for the President's Fiscal Year 1991 foreign assistance request.

I. REDUCTIONS IN MILITARY AND ECONOMIC SUPPORT FUND ASSISTANCE

1. **At least a 20 percent reduction in military aid and 15 percent reduction in Economic Support Fund to NATO countries -- Greece, Turkey, and Portugal. Such reductions would amount to approximately $218.5 million.**

With the diminishing of the Warsaw Pact as a security threat, troop and weapons reductions in central Europe agreed upon or under negotiation, and European security arrangements under review, the need for such assistance to NATO countries is considerably lessened. We assume further reductions could take place in subsequent years. This is a logical place to begin restructuring the foreign aid program to meet the most pressing challenges of the 1990s.

2. **At least a reduction of 50 percent in military aid and a 15 percent cut in ESF to Pakistan. These reductions would total $145.7 million. We also suggest that the remaining ESF be converted to development assistance.**

As in the case of NATO countries, high levels of military and ESF aid to Pakistan are difficult to justify with the diminishing Soviet military threat on Pakistan's border. Moreover, we have grave concerns that high levels of military assistance will have the unintended effect of undermining fragile democratic institutions. To the extent possible, remaining ESF funds should be converted to development assistance, which would provide more direct benefits to poor people and underscore U.S. support for democracy in Pakistan.

3. **Eliminate $7 million in ESF to the non-Communist resistance in Cambodia.**

The $7 million in ESF is provided to members of an anti-government coalition that is politically and militarily dominated by the Khmer Rouge (KR). During the period that the KR ruled Cambodia (1975-1979), they killed at least one million Cambodian civilians in an attempt to implement their vision of Maoist utopia. Now, the KR are engaged in a devastating guerilla offensive in the Western part of the country, aimed at assuring their political position, and are using their control over land, food and other resources to virtually enslave the people in the territory they control. The funds provided by the United States are prolonging the conflict rather than helping to foster peace negotiations. U.S. assistance to Cambodia should be channeled through private voluntary and multilateral organizations currently involved in reconstruction efforts.

4. **At least a 50 percent reduction in military aid ($101.3 million) and 15 percent reduction in Economic Support Funds ($54 million) to the Philippines. We also suggest that the remaining ESF be converted to development assistance, with strict requirements that those funds be targeted for poverty alleviation and sound environmental programs in rural areas.**

We are very disturbed by the continuing evidence of the damaging effects of high levels of U.S. military aid on human rights and democratic institutions in the Philippines. It is now commonly agreed that rebel factions within the military pose the greatest threat to the survival of the Aquino government. U.S. military aid and training programs have not been successful in convincing the Philippine military to submit to civilian control. On the contrary, U.S.-supplied weapons were used in December 1989 by soldiers (including elite U.S.-trained troops) in a nearly successful attempt to overthrow the civilian government. Decreased military spending, coupled with U.S. encouragement of local peace initiatives could have beneficial effects, including easing the burden of violence borne by the civilian population and preventing the uprooting of communities.

With respect to ESF, we find little evidence that such aid has produced economic benefits for the majority of the Philippine people and therefore propose lower levels, targeted as development assistance on poverty alleviation and environmental restoration.

5. **At least a 50 percent reduction in military aid to El Salvador ($45 million) as well as a reduction in Economic Support Funds amounting to $67.5 million.**

Since 1980 the United States has given El Salvador $4.5 billion in aid, about $1.4 million per day. An estimated 70,000 people have been killed, thousands detained and tortured, and more than one million people displaced from their communities in El Salvador during the civil war. The war has not been "won". Violence has escalated. Development has been undermined.

In our view, only a cut-off or significant reduction in military aid will convince the Salvadoran government to negotiate a peaceful solution to the war, prosecute those responsible for human rights abuses, and allow for the emergence of genuine democracy in El Salvador.

Furthermore, ESF funds have long facilitated the ability of the government to carry out the war. While these funds are not directly war-related, they do little to address needed reforms in the nation's economic and political structures. Instead, ESF helps to finance the government budget deficit brought on by high military expenditures and enables the government to shift domestic resources to war-related purposes. We propose a 50 percent reduction of the balance of payments portion of ESF, amounting to $67.5 million, as an indication of Congressional unwillingness to continue bankrolling El Salvador's decade-long civil war and determination to support negotiation of a peaceful settlement.

6. **Rejection of $5 million in military aid for Guatemala and a suspension of ESF ($60 million) until documented military abuses are investigated and punished, forced civil patrols are ended, and intimidation and violence directed at opposition groups stops.**

Violations of human rights continue in Guatemala and have increased dramatically in the last year. Guatemalan students, labor unionists, human rights activists and political figures have been kidnapped and murdered, and U.S. citizens have been victims of political violence. According to the State Department, the Guatemalan security forces and extremist political groups engage in extrajudicial killings, and the Guatemalan government "has been unable or unwilling to prosecute those involved." The temporary recall of the U.S. Ambassador to Washington for consultation because of human rights abuses underscores the Administration's recognition of this reality.

We find absolutely no justification for military aid to a country in which emerging democratic institutions are being undermined by violent and corrupt military structures. Suspension of 50 percent of Economic Support Funds, which involves much larger sums than proposed military aid, would give the United States important additional leverage to encourage correction of some of the worst human rights abuses.

7. **A 50 percent reduction in military aid to Honduras ($20 million).**

Since Honduras now has no national security/border defense needs that warrant a further military build-up, we believe it is time for significant cutbacks in military aid. Moreover, the Nicaraguan contras, in process of repatriation in Nicaragua, will cease to be a drain on Honduran resources.

The United States should now focus on promoting regional peace, which depends on demilitarizing the region and strengthening civilian structures. In Honduras the military has penetrated every major institution of society and has been involved in serious human rights violations. A reduction in military aid, coupled with U.S. pressure to separate the police forces from the military, could help correct the internal power balance, which currently favors the military, and strengthen the authority of civilian institutions.

8. **Reduction of military aid to Bolivia, Colombia, and Peru to Fiscal Year 89 levels (total reductions of $122.4 million), accompanied by fundamental changes in U.S. anti-narcotics policy.**

We are disturbed by the increasing militarization of U.S. anti-narcotics policy in the Andean region. While we concur that the U.S. national drug problem must be vigorously addressed, we do not believe that escalating military and police aid to the Andean countries is a constructive way to accomplish this objective. Further, the fundamental economic problems that provided the context for the growth of the drug industry remain unaddressed by such a strategy.

We are deeply concerned about the high non-economic costs of this militarization of U.S.-backed anti-narcotics programs. It risks entangling the United States in the region's internal political conflicts, giving rise to increased anti-American sentiment and fueling support for guerrilla movements. It risks direct U.S. involvement in brutal counterinsurgency campaigns, creating an impression of U.S. complicity in human rights violations. Moreover, it strengthens the hand of the military in the Andean countries and undermines the civilian governments the United States claims to support.

In the Cartagena Accord, leaders of Andean countries clearly stated that coca production and the cocaine industry cannot be eliminated without first addressing the region's economic crisis, by promising debt relief and supporting alternative development programs. Unless the need for drug dollars to pay off debts is lessened, and until alternative methods of sustenance are found for small-scale coca growers, interdiction efforts are unlikely to diminish the attraction of drug crops.

We urge that economic aid through the Andean regional narcotics initiative ($175 million requested for Fiscal Year 1991), and not additional military aid, be the centerpiece of U.S. efforts to curb drug supplies. We urge that narcotics aid be delinked from interdiction and other military initiatives, and that the major proportion of resources be directed to alternative development programs, including the development of alternative crops and markets as well as rural transportation infrastructure. (We also suggest that more attention be directed to curbing demand in the United States through expanded drug education and rehabilitation programs.)

Further, we encourage Congress to call for an investigative report by the GAO on how anti-narcotics funds are currently being used and to carefully monitor how funds are spent under the Andean Regional Narcotics Initiative.

9. **Reject the $900,000 in IMET requested for both Somalia and Sudan. Withhold all but humanitarian assistance to these two countries until progress is made in human rights abuses and there is significant movement toward a negotiated end of the civil conflicts.**

Famine looms large over the Horn of Africa while fighting escalates and human rights violations continue. Five and a half million people in Sudan and 500,000 people in northwest Somalia live at risk of starvation largely because of protracted civil wars, which have their roots in unrepresentative governments, inequitable distribution of wealth and resources, poor agricultural policies, ethnic discrimination, religious persecution and underdevelopment.

The governments of these countries have resorted to policies of tribalization (arming tribal groups to fight each other) and human rights abuse, and have sought external aid to strengthen their military positions. U.S. economic and security aid to Sudan and Somalia amounting to more than $1.4 billion over the last seven years has brought neither peace, environmentally sustainable development, nor lasting relief of human suffering. We strongly urge a halt to all but humanitarian assistance to these two countries.

10. **Eliminate the $26 million in military aid requested for Africa and transfer those funds to the Development Fund for Africa.**

In many African countries the military already plays too prominent a role in civil life, intervening to silence political opposition or to overthrow elected governments. U.S. interests in promoting more pluralistic and economically strong societies, as well as the interests of the African people, would be better served by using these funds for economic development purposes.

11. **Eliminate the $56.1 million in ESF for Africa and transfer those funds to the Development Fund for Africa.**

The Development Fund for Africa gives the Administration sufficient flexibility to provide both sectoral and project aid and to design programs across sectors, thus obviating the need for the the kind of flexibility offered by ESF. Moreover, channeling all economic aid to Africa as development aid through the DFA encourages better program coordination and targeting of assistance toward poverty alleviation.

TOTAL REDUCTIONS: $870.3 million (including military and ESF reductions for Africa) See attached chart.

II. INCREASES IN DEVELOPMENT ASSISTANCE

1. **An increase of $439.5 million for the African Development Fund (DFA), including $85 million for SADCC (without country restrictions) and $15 million for Namibia, bringing the DFA total to $1 billion (as proposed in the Mickey Leland African and Caribbean Development Act of 1991).** This would involve a net increase of $375.6 million for the DFA beyond the proposed transfers of $26 million in military aid and $56.1 million of ESF.

The recent shift of attention to eastern Europe must not obscure the fact that the most serious human needs are elsewhere, in Africa in particular. The 1980s have been called Africa's "lost decade of development." Over a ten-year period, per capita income declined from $854 to $565. Under the pressures of debt and adjustment, health and education expenditures fell, wiping out gains in school enrollment and health care achieved during the first two decades of African independence. Africa's people still experience the highest infant mortality and lowest life expectancy in the world. Unemployment and underemployment have increased. Famine and war have created 4.5 million refugees and millions of displaced persons. Aid must be increased significantly if the downward economic slide evidenced by an ever rising debt burden and a net outflow of resources on the order of $5.5 billion in 1989. to be halted.

Meanwhile, Africa's debt burden continues to rise. The African continent suffered SADCC countries, in particular, have suffered enormous human and economic losses because of military aggression and destabilization: over $60 billion and 1.5 million lives lost in the 1980-88 period. Increasing U.S. aid to those countries can help them stabilize and lessen their economic dependence on South Africa. $15 million for Namibia, compared to much higher levels of funds for emerging democracies elsewhere, seems to us a minimum supportable amount for this "emerging democracy" in Africa.

2. **An increase of $52.25 million for international organizations and programs, specifically for the following agencies:**

   - - **$25 million** to bring the total for **UNICEF** up from $50 to $75 million;
   - - **$23.75 million for IFAD,** to bring the total up to the $30 million needed for the first annual U.S. contribution to IFAD's third replenishment;
   - - **$2 million for the U.N. Development Fund for Women,** which Congress has supported in the past but the Administration failed to request funds for Fiscal Year 1991;

- - **$1 million for the U.N. Capital Development Fund**, to increase it from $1.5 to $2.5 million; and
- - **$500,000 for the International Training and Research Institute for the Advancement of Women (INSTRAW)**, supported by Congress during the past two years but not included in the Administration's request.

We believe the above multilateral agencies have been effective in promoting self-sustaining development efforts and should therefore receive continuing, and increasing, U.S. support.

3. Creation of a $100 million development assistance fund in support of multilateral initiatives to promote reconstruction and recovery in countries emerging from conflict.

During this period of rapid change, and to accommodate shifting foreign aid priorities, we urge creation of a fund that could be used to support collaborative efforts with other countries to respond to changing realities. The approach should be multilateral, since the types of initiatives proposed are increasingly being undertaken by the international community as a whole. Moreover, U.S. funds used in this manner have the potential to leverage substantial additional funds from other donors.

Assistance to countries emerging from conflict could include support for reconstruction needs (food, medicine, shelter, logistical support, seeds, tools, technical assistance), resettlement of displaced persons and refugees, and long-term development assistance.

Funds should be available until expended, with the possibility of increasing the fund's resources in succeeding years. Priority should be given to the poorest countries. The administration of such funds should be monitored by an advisory committee including representatives of non-governmental organizations.

4. An increase of $160 million for refugee assistance.

During the last decade, the world's refugee population has grown from 7.3 to 15 million people. Funding for refugees, however, has not increased proportionately. In particular, support has remained stagnant for the U.N. High Commissioner for Refugees, the primary agency responsible for protection and care of refugees worldwide. The result is a crisis in refugee care.

While U.S. funding for resettlement of refugees in the United States has increased significantly in recent years, U.S. support for refugees worldwide has declined in real terms. In 1985 U.S. funding amounted to about $20 per refugee overseas. Because of increasing refugee numbers, U.S. assistance this year amounts to about half that much.

An increase of $160 million for refugees overseas for FISCAL YEAR 91 would bring the United States closer to fulfilling its traditional leading role in humanitarian aid by allowing for about $25 per refugee. This is the amount needed, adjusting for inflation, to maintain the 1985 funding level.

5. An increase of $133.5 million in aid for the Caribbean region (as proposed in the Mickey Leland African and Caribbean Development Act of 1991, H.R. 4431).

The Caribbean Basin Initiative has been largely ineffective in promoting sustainable community-based development in the Caribbean region, and this region has been chronically underfunded in contrast with its Central American neighbors. Heavy debt burdens and weak economic performance continue to plague the region. The proposed increase would restore U.S. assistance to 1983 levels.

We urge an increase in funding in accordance with the priorities outlined in HR. 4431, which was drafted in consultation with the people of the region. Those priorities include support for: indigenous democratic institutions, food self-sufficiency, rural development, community-based agricultural enterprises, small and medium-sized farm and manufacturing enterprises, tourism, regional integration, upgrading technical and managerial skills, natural resource protection, private sector development, democratic development and the administration of justice, and access to human services.

TOTAL INCREASES: $885.2 million, or $14.9 million more than proposed reductions. (See attached chart.) This increase would easily be accommodated by rejecting the Administration's request for a $110.6 million General Capital Increase for the World Bank. (See debt discussion below).

III. CONDITIONS FOR ASSISTANCE

Poverty Effort Principle

We urge the Committee to encourage the Administration to make commitment to poverty alleviation a major factor in determining country aid allocations.

In line with budget allocations proposed above, we believe the United States should give more emphasis to poverty alleviation in U.S. aid allocations, including rewarding countries that show a commitment to increasing the productive economic participation of poor people.

Recent legislation relating to U.S. participation in the multilateral development banks establishes this principle as U.S. policy in multilateral lending institutions. Title V of Public Law 101-240, December 19, 1989, amending the Bretton Woods Acts, calls upon the U.S. Executive Directors for the multilateral development banks to encourage those institutions to (1) help borrowing countries develop national poverty alleviation strategies; and (2) make borrowing countries' efforts to reduce poverty a major factor in lending decisions.

Title V establishes a framework for progress in eradicating poverty by requiring that recipient countries work with non-governmental organizations, in particular community-based groups, to design and implement national poverty strategies. This framework calls for timetables for the achievement of specific poverty alleviation goals, technical assistance to increase the productive economic participation of the poor, and annual reviews of individual country efforts.

The World Bank World Development Report affirms the principle that poverty effort should be a major factor in aid allocation decisions. We believe this principle should also be applied to bilateral aid in order to maximize the effectiveness of such aid in responding to the challenge of global poverty.

OTHER CONCERNS: DEBT AND THE QUALITY OF AID

In addition to our recommendations on aid allocations, we also draw your attention to several policy issues that, in our view, have a profound impact on the capacity of aid to help alleviate poverty and promote sustainable and participatory development. Our concerns relate in particular to policies on debt and structural adjustment.

Debt

We believe that significant debt relief can be rendered through expanding the number of countries served by the "Brady Plan" and Section 572 of the Fiscal Year 89 foreign aid appropriations.

Furthermore, we urge the Committee not to approve funding of the $110.6 million General Capital Increase for the World Bank until a debt strategy is developed which requires commercial banks assume a more substantial share of debt reduction costs.

The global debt crisis continues to be a significant barrier to development in Third World countries. Negative net transfers of capital from developing nations surpassed $50 billion in 1989, draining resources which could be used to improve physical and human capital in debtor nations. Likewise, declining terms of trade and rising protectionism in international markets throughout the 1980s further served to limit financial resources available for development efforts among developing countries.

The adoption of Section 572 of the Fiscal Year 1989 foreign aid appropriation was an important step on the road to economic recovery for debtor nations. However, we believe that a more comprehensive debt relief plan, encompassing a wider range of debtor nations, is needed if the global crisis is to be resolved. Furthermore, we are concerned that investment opportunities elsewhere will limit capital available to Third World countries. Debt relief, though necessary, is not enough to stimulate the economic, political and social changes necessary for restored growth in developing nations.

The primary responsibility for development in Third World countries is vested in the least developed countries themselves, with the principal burden of economic policies borne by their people. Hence, we believe that structural adjustment agreements and economic policy reforms recommended by multilateral development banks and bilateral donors must be compatible with local objectives which support participatory, equitable and environmentally sustainable economic growth. In contrast, orthodox adjustment programs, which limit domestic credit for small producers as well as reduce spending on health and education for the poor majorities in Third World countries, continue to deter equitable growth in debtor nations.

Development Fund for Africa (DFA)

We encourage the Committee to urge AID to rethink its approach to policy reform and to devote fewer DFA resources to policy reform and more to strategies that directly support poverty alleviation and sustainable development.

Although we are supporting significantly higher levels of aid for Africa, we nonetheless want to register some reservations about how funds are currently being programmed through the African Development Fund. Specifically, we are concerned that too large a portion of the funds are being allocated for policy reforms linked to IMF stabilization and World Bank structural adjustment loans.

While we do not question the need for policy changes in a number of countries, ample evidence documents that the policy reforms currently promoted all too often have created increased hardship for poor people, exacerbated maldistribution of income, and failed to stimulate the expected economic growth. To be supportable and effective, adjustment must lead to broad-based growth that includes the poorest people - who constitute a large percentage of the population of poor countries.

In conversations with AID Africa Bureau officials, as well as with U.S. representatives to and staff of the multilateral development institutions, we have urged a rethinking of policy reform assistance. We have suggested that more attention be given to income distribution issues, in particular to ways of restructuring economies to improve the income earning capacity of poor people and to linking adjustment with long-term development goals. In our view, the most appropriate role for AID is not to fund policy reform but rather to support assistance strategies designed to alleviate poverty and promote sustainable development.

Further, we believe these programs and projects should be more participatory, that is based on broad consultation with the people involved at all stages, from pre-design through evaluation. We urge that similar criteria be applied for projects and programs in all countries and regions.

International Development Association Ninth Replenishment

Interfaith Action for Economic Justice joins the Development Bank Assessment Network (which includes among its members some 15 religious, development, and environmental organizations) in urging Congress and the U.S. Executive Director to promote several changes in IDA lending programs that will make them more responsive to the needs of poor people and promote environmentally sustainable development.

While Interfaith Action for Economic Justice has been supportive of IDA in the past, we are deeply concerned that many IDA loans are not benefitting the neediest people. Moreover, we and many other NGOs have been critical of the use of IDA funds to leverage and support structural adjustment programs which too often adversely affect poor people, especially women and children.

Consequently, groups which participate in the Development Bank Assessment Network reached consensus on a series of reforms that we believe would make IDA more supportable. The proposed reforms address three areas of concern: poverty, the environment, and consultation/public access to information. In summary the proposed reforms call for:

--- Greater attention to social impact both in adjustment lending and project lending;
--- Encouragement of national poverty eradication strategies and concentration of IDA lending in support of those strategies;
--- Modification of structural adjustment programs to avoid negative social impacts and a reduction in adjustment lending to no more than 10 percent of total country borrowing;
--- Completion of Environmental Action Plans for all recipients and development of environmental impact assessments reflecting the views of affected groups for all projects and programs having environmental consequences;
--- Suspension of Tropical Forest Action Plan;
--- Development of mechanisms for consultation with local populations; and
--- Greater public access to information.

Interfaith Action's support for IDA will be conditioned on the extent to which these reforms are agreed to and implemented.

Conclusion

We hope that you will take our views into consideration in your deliberations of Fiscal Year 1991 foreign aid appropriations. We believe changes in allocations and policies of the nature we propose would result in a foreign aid program that affirms as fundamental goals the fulfillment of the basic human needs of all people, especially poor people, the protection of human rights and human dignity, the promotion of justice and peace and the stewardship of creation. This would be a more effective and supportable foreign aid program.

ACTUAL, ADMINISTRATION AND IAEJ PROPOSED LEVELS OF SPENDING

		FY90 Actual	FY91 Request	IAEJ Proposal	Decrease from FY 91 Request
GREECE	FMF	348.5	345.0	276.0	69.0
	IMET	0.6	0.6	0.5	0.1
TURKEY	ESF	14.3	50.0	42.5	7.5
	IMET	3.4	3.4	2.7	0.7
	MAP	497.9	- - - -	- - - - -	- - - -
	FMF	- - - -	545.0	436.0	109.0
PORTUGAL	ESF	40.0	45.0	38.3	6.7
	FMF	84.6	125.0	100.0	25.0
	IMET	2.6	2.7	2.2	0.5
PAKISTAN	DA	43.0	46.0	46.0	0.0
	ESF	229.0	210.0	178.5	31.5
	IMET	0.9	0.9	0.7	0.2
	FMF	229.0	228.0	114.0	114.0
CAMBODIA	ESF	5.1	7.0	0.0	7.0
PHILIPPINES	DA	46.8	55.0	55.0	0.0
	ESF	283.3	360.0	306.0	54.0
	IMET	2.6	2.6	1.3	1.3
	FMF	140.1	200.0	100.0	100.0
EL SALVADOR	DA	58.8	64.1	64.1	0.0
	*ESF	144.4	180.0	112.5	67.5
	IMET	1.4	1.4	1.4	0.0
	FMF	84.6	90.0	45.0	45.0
HONDURAS	DA	34.4	36.9	36.9	0.0
	ESF	130.0	80.0	80.0	0.0
	IMET	1.1	1.1	1.1	0.0
	FMF	20.2	40.0	20.0	20.0
GUATEMALA	DA	30.1	34.3	34.3	0.0
	*ESF	56.5	60.0	60.0	0.0
	IMET	0.4	0.5	0.5	0.0
	FMF	2.9	5.0	0.0	5.0
BOLIVIA	DA	21.1	23.5	23.5	0.0
	ESF	33.4	30.8	30.8	0.0
	IMET	0.5	0.9	0.9	0.0
	FMF	39.7	40.0	5.0	35.0
COLUMBIA	ESF	2.1	0.0	0.0	0.0
	IMET	1.5	2.5	2.5	0.0
	FMF	48.8	58.0	7.1	50.9

PERU	DA	12.0	11.9	11.9	0.0
	ESF	3.3	3.1	3.1	0.0
	IMET	0.5	0.9	0.9	0.0
	FMF	35.9	39.0	2.5	36.5
SOMALIA	DA	0.7	3.0	3.0	0.0
	IMET	0.8	0.9	0.0	0.9
SUDAN	IMET	0.7	0.9	0.0	0.9

FMF & ESF to be transferred to Development Fund for Africa

FMF:
- BOTSWANA
- C.A.R.
- CHAD
- DJIBOUTI
- KENYA
- LIBERIA
- MADAGASCAR
- MALAWI
- NIGER
- SENEGAL
- ZAIRE
- Africa Regional

Total: $26.0 million

ESF:
- CHAD
- DJIBOUTI
- KENYA
- LIBERIA
- NAMIBIA
- NIGERIA
- SENEGAL
- SEYCHELLES
- SOUTH AFRICA

Total: $ 56.1 million

TOTAL REDUCTIONS: $870.3 million**

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*Suspension for FY 91 proposed pending progress in human rights.

** In addition to proposed reductions in security assistance, rejection of the Administration's request of $110.6 million for a General Capital Increase for the World Bank would result in further reductions in the Fiscal Year 1991 foreign aid appropriations.

TOTAL REDUCTIONS: $980.9 million

PROPOSED INCREASES TO PRESIDENT'S FY 91 REQUEST
(in millions)

	FY 90 Actual	FY 91 Request	IAEJ Proposal	Increase from FY 91 Request
UNICEF	64.3	50.0	75.0	25.0
UNIFEM	0.8	0.0	2.0	2.0
INSTRAW	0.2	0.0	0.5	0.5
UNCDF	1.5	1.5	2.5	1.0
IFAD	34.4	6.3	30.0	23.7
Development Fund - Africa	573.7	560.5	1000.0	439.5

Caribbean Regional Development	86.9	132.3	265.8	133.5
Refugee Assistance	168.7	215.0	375.0	160.0
Fund for Reconstruction, Recovery & Development		0.0	100.0	100.0
Total:		965.6	1850.8	885.2

STATEMENT OF JANET MAALOUF, MEMBER OF THE NATIONAL ALLIANCE OF LEBANESE AMERICANS, WASHINGTON CHAPTER

My name is Janet Maalouf. I am a member of the National Alliance of Lebanese Americans, Washington Chapter. We are a tax exempt charitable organization with local chapters throughout the United States. Our organization has primarily a cultural and educational mission which we perform here in the United States, and a charitable mission to perform in Lebanon.

I thank you, Mr. Chairman, for inviting our organization to come before your subcommittee to offer testimony and recommendations regarding appropriations for Lebanon in the coming fiscal year.

BACKGROUND

A brief review of current conditions in Lebanon and the region is, I think essential at this juncture.

As we meet here today in Washington, the entire Middle East region is as far from a peaceful settlement as it has been in the past 15 years. The Baker Plan, of which the Taif Accord for Lebanon was but a subchapter, is now at a dead end with Secretary Baker asking the Israelis to call if they wish to proceed with a program for peace.

The Israeli Parliament has responded to the U.S. initiative by casting a vote of no confidence in the Labor-

Likud coalition government, and by instead creating the most conservative right wing regime to come to power in Israel since 1977. With Arial Sharon on the Defence Committee, the message is clear that the Israelis are not now prepared to use force as a last resort to resolve their differences with the Palestinians. Rather, the effort seems to be to take advantage of the long awaited commencement of immigration of Soviet Jewry to Israel to cure the demographic problem of the Jewish State, at least for the near term.

Logistically, this immigration will require more land, more housing and greater need for scarce water resources. Recognizing the destabilizing effect of such settlements in the occupied territories, the Administration has wisely made official statements against such settlements. The Israeli Cabinet is on a collision course with the Administration on this issue.

In the absence of a U.S. led peace initiative, and the non-utilization of the persuasive powers that the U.S. has by way of its massive subsidies to regional states, the chances for conflict resolution by dialogue are seriously low, and the specter of military confrontation is as imminent as it was in May 1967.

At the eye of the storm of growing regional instability lies Lebanon. From bases in the Syrian occupied Bekaa Valley, the team led by Abul Abbas was trained to carry out its aborted raid on the Israeli coast.

From Syrian occupied Lebanon, the thriving heroin trade produced the profits which paid and equipped the raiding Abbas team. This incident has caused the cutting off of the U.S./PLO dialogue and has provided the needed justification for the rise of the hard line Shamir Government in Israel. The fuse for an explosion is now lit.

With the institutions of the Lebanese Government in a state of constitutional impasse; with the Lebanese State rendered impotent to police South Lebanon with government forces, the Israelis can continue to justify occupation of their self declared security zone north to the Litani River line. With this de facto concession of Lebanese territory in hand, what will prevent the Likud Cabinet from its serious consideration of displacing more West Bank and Gaza Palestinians, not to Jordan, or to Sinai, but to South Lebanon where no government exists to protest or resist such action?

American policy initiated at the end of the Yom Kippur War in 1974 of allowing a balance of forces in Lebanon between Israel and Syria so as to maintain stability in the region has now spun wildly out of control. Not only has this policy kept Lebanon in turmoil and compromised its democratic institutions of government over the past 15 years, but it now threatens to sink the entire region into a new phase of war. With the specter of the use of chemical weapons on the horizon, much more than the region is at stake this time.

Ambassador Jeane Kirkpatrick has said that the key to peace in the Middle East lies in, first, restoring peace in a sovereign and independent Lebanon.

By removing the many catalysts to war that spin out of the Lebanese caldron, we can effectively remove the fuse from the Middle East bomb. I am, of course, making reference to the occupation forces present in Lebanon and their client indigenous militia. It is the occupiers and their clients who seize hostages in Lebanon; who cultivate, manufacture and ship heroin and cocaine from illegal militia ports; and who staff and oversee terrorist training camps whose graduates have murdered innocent civilians on Pan Am 103, TWA 847, and the Achilles Lauro. The Lebanese people have absolutely no interest in promoting any of these activities and in fact have not done so. Logic dictates that a restored independent Lebanese government would make, as its first priority, the eradication of the opium and hashish fields. These are the source of the crops that draw the currency that funds the militia who compete with government forces for control of sectors of Lebanese territory. The occupation armies currently not only have no interest in eradicating drugs from Lebanon, but every interest in insuring its proliferation. Yet U.S. policy entrusts vasts portions of Lebanese sovereign territory to these occupation forces, contrary to all logic.

It is time, Mr. Chairman, that we start exercising some faith in the very ideal upon which this institution is based. The ideal is that of democracy. The Lebanese are as capable of self rule as are Poles, Czechs, Rumanians, Bulgarians, Algerians, Jordanians and Nicaraguans. The ancestors of the Lebanese taught democracy to the Greeks who handed this most perfect form of government down to the American founding fathers, who in turn have set the example for the whole world. By entrusting kings and dictators with U.S. policy for Lebanon, we have come to a dangerous impasse in the darkness of gathering storm clouds. To break out of this impasse we must put our faith back in the people, they will never let us down. The Lebanese people are ready to rise from their shelters and to wrest control of their country back from the private militia, the occupiers and other usurpers of power, and to install power back into the democratic institutions of the government.

We ask the congress and the Administration to join the effort of the Apostolic Nuncio, Pablo Puente, and others in their quest for peace and for freedom. Let us begin at the beginning with Lebanon.

Let us remove Syrian troops from Lebanon. The Lebanese will dismantle the terrorist training camps. The Lebanese government will eradicate the poppy fields and hashish fields and thus dry up the funding and logistics support of many of the terrorist activities that continually abort efforts toward peace.

On yesterday, Mr. Chairman, the national officers of NALA presented the National Security Council with a white paper stating the broad outline of a plan to reunite the Lebanese government for the purpose of conducting general elections in Lebanon for the first time since 1972. We supplement our testimony today with a copy of this plan. It is a plan, Mr. Chairman to restore to Lebanon a united government made legitimate not by kings, dictators and money, but made legitimate by the voice and will of the Lebanese people.

With a democratically constituted government in place in a united liberated Beirut, and the Syrians on their way out of the rest of Lebanon, the Israelis will no longer have justification to remain in a security zone and must retire to internationally recognized frontier of Northern Israel and South Lebanon.

If the Israeli politicians can be denied South Lebanon as a place to which to "deport" West Bank and Gaza

Palestinians; if Jordan and Egypt, likewise, do not accept the anticipated deportation of Palestinians, then the Israelis may be left with no other choice but to give Secretary Baker a call. The chain of peace in the Middle East is only as strong as its weakest link. Lebanon is that weak link and therefore to revive the chance and the hope for peace in the region, the Lebanese conflict deserves our concentrated attention. Its democratic resolution should be the top priority of the United States to restore stability in the region.

With this background, NALA proposes the following aid program for Lebanon. Its purpose is to give assistance directly to the people and to begin the process of restoration of the economic infrastructure. Our recommendations are as follows:

FOREIGN AID RECOMMENDATIONS

NALA makes three principle recommendations to the Subcommittee regarding its foreign aid authorization for Lebanon.

A. Depoliticize U.S. Aid to Lebanon.

There is the feeling in Lebanon that some of the political factions are fighting over the furniture while their house is burning around them. NALA calls upon the parties to the political dispute, especially the USG, which has weighed in on the side of the Syrian backed Hrawi faction, to lay aside policy differences so that much needed assistance can reach the people of Lebanon.

The Lebanese people are in great need of assistance. Should the Congress authorize its assistance for this year without provision for immunization from Syrian diversion through such aid falling into the hands of the Syrian occupation army, or its surrogate political factions in Lebanon, which, ironically, are also supported by the U.S. Administration, then we greatly doubt that the Lebanese people will receive any of the aid that you approve.

Though the Administration has extended recognition to Mr. Hrawi, his office would not be effective in delivering U.S. aid to the Lebanese of Central Mount Lebanon and the eastern districts of greater Beirut, where aid is most acutely needed now. The Administration currently does not recognize the Aoun led interim Cabinet which governs these districts.

Lebanon is in an extraordinary time in its national life, and our relations with her must reflect this reality. The goodwill of the United States is at an all time low among the Lebanese. For the sake of preserving future Lebanese-American relations, and to preserve the remnant of good faith that we still have among the Lebanese, we strongly recommend that U.S. Aid be delivered in Lebanon by non political means and agencies.

B. The Type of Assistance Recommended. Last year, $23.5 million was appropriated for Lebanon, with much of that aid being diverted and never reaching the intended Lebanese beneficiaries. This year, the need is much greater. Because of the increased destruction and disruptions, amounting to a national distaster of unprecedented proportions, major emergency aid is required. Since the U.S. Government played a major role in precipitating the "War of the Enclave" earlier this year that resulted in much of the destruction, we feel that an obligation exists to provide substancial assistance in far greater amounts than the $23.5 million appropriated last year, certainly not less than $300 million. NALA recommends the following categories of assistance:

1. Restoration of Electrical, Water and Telecommunication Infrastructure. The Lebanese need to replace power cables, generators, pumping stations and telephone switching equipment all of which have been damaged or destroyed during the past 2 years of fighting. The equipment, or the funds with which to purchase it should be made directly available to the independent boards and Directorates referenced above. This will immediately help Beirut to get back on her feet and will have a beneficial rippling effect throughout the country.

Providing aid in kind will also put Lebanon back on the road to reconstruction with equipment that is stamped, "Made in the USA". This is not only a gesture of good will and good faith to the Lebanese, but it is also good for the U.S.

2. Emergency Medical Supplies and Foodstuffs.

Last year, Congress approved $16 million in food assistance, in addition to $250,000 in emergency appropriations. This and much more is needed. Hospitals in Beirut have been heavily damaged and are in need of funds to rebuild and reequip Emergency Operating facilities, and intensive care units. In addition, texts, manuals, supplies and staff training are needed.

NALA recommends that this assistance be expedited and that private organizations such as the Lebanese Red Cross, Catholic Relief Agency, and others which have the capacity and reputation of efficiently delivering the assistance be utilized.

3. Educational. Last year the Congress authorized $6.0 million to AUB. This is good, but not enough. Since AUB

maintains its main campus in Syrian controlled districts of greater Beirut, with an auxiliary campus in the Eastern districts, which is now also in turmoil, other institutions of higher learning should be considered.

NALA recommends similar aid to the Lebanese State University system which maintains campuses throughout Lebanon. Since the system is managed by its own independent non political board, the assistance should be rendered directly to the Board.

This University, as well as schools throughout Lebanon are in need of Lab equipment, text books, prefabricated class rooms, computer equipment and funds.

C. Sanctions and Guarantees.

NALA strongly recommends that this assistance be immunized from political influence. We recommend assurances that no diversion of this aid be allowed to occur.

The danger is not only that the Lebanese people may not receive the assistance, but that political factions or foreign occupiers may instead become the recipients if strict controls are not mandated and enforced. These factions include terrorists, black marketeers, drug cartels and so forth. The U.S. Government should not be in the business of unwittingly giving assistance to these groups while the Lebanese people continue to suffer.

Furthermore, Syria is, by law, banned from receiving U.S. foreign aid because of its poor record on controlling terrorism, for its record on human rights abuses, and for its participation in international drug trafficking. Any assistance given to Hrawi can not be immunized from Syrian use.

Regarding shipment of medical supplies, foodstuffs or any other goods to Lebanon, we strongly recommend that the

U.S. provide escorts of the shipments into the port of destination and into the hands of the named consignee. We recommend that this be required by your authorization bill for Lebanon. Last year, during the height of the Syrian siege of the enclave we witnessed the shameful situation of relief ships destined for the besieged population being diverted by Syrian military vessels to Syrian ports or Syrian controlled Lebanese ports, with the relief supplies finding their way to the Syrian Army's Black Market in Damascus. We brought evidence of this situation before Congressman Hamilton's Subcommittee in hearings last July, and raised our concerns at the State Department with little to no result.

Therefore, NALA strongly recommends today, on behalf of the Lebanese people whom we all wish to assist, that when you mark up this bill, Boland Amendment-like restrictions be made a part of the authorization bill, with enforcement provisions to insure that if anyone in the State Department or elsewhere in the Administration circumvents, attempts to circumvent, or knowingly allows the circumvention of the restrictions placed in the act, that consequences similar to those paid by Iran/Contra defendants will have to be paid before the Congress and before the United States Courts.

Thank you Mr. Chairman.

STATEMENT OF KHALIL JAHSHAN, ASSOCIATE DIRECTOR FOR PUBLIC AFFAIRS, NATIONAL ASSOCIATION OF ARAB AMERICANS

The National Association of Arab Americans (NAAA) is pleased to present testimony on the Middle East portion of the Administration's Fiscal Year 1991 foreign aid request. As the principal political organization representing both Americans of Arab descent and a growing number of non-Arab Americans who share our viewpoint, NAAA strives to promote close and cordial relations wherever possible between the United States and the Arab countries of the Middle East. We seek also to help ensure that American foreign aid tax dollars are spent in the most effective and productive way possible.

Foreign assistance is an important policy tool which, if used wisely, can promote and protect U.S. national interests abroad. Disbursed in a fair and equitable manner, U.S. aid is an indispensable and worthy mechanism that can assist friendly countries around the world in strengthening their economies and meeting their legitimate defense needs.

We believe, however, that U.S. foreign assistance is not being distributed prudently. A serious reexamination of the way in which the United States allocates its foreign aid dollars has been sorely needed for many years. Unfortunately, the bulk of U.S. foreign aid is given, year after year, to a small number of beneficiaries. We contend that a more equitable distribution of U.S. aid to a wide range of deserving nations would be much more successful in promoting U.S. interests worldwide. An optimal disbursal of aid dollars, moreover, would increase the proportion of economic aid in the total assistance package and decrease the emphasis on military hardware.

Perhaps at no time in recent memory has there been a greater need for a reevaluation of our foreign assistance obligations than in 1990. Momentous developments in Eastern Europe and Latin America have given rise to irresistible movements for freedom and democracy in areas which for years had suffered under intolerable tyranny. At the same time, however, these hopeful developments have placed compelling aid demands upon the United States at a time when huge deficits have forced sizeable budget reductions and heavily burdened the American taxpayer. The Bush Administration and the Congress must rise above political considerations to meet this challenge effectively. Either the foreign aid budget must be increased to accommodate these legitimate assistance demands, or the burden of reallocation must be shared by all aid recipients.

One of the key components of reform of the foreign aid process would be to restrict the widespread practice in Congress of earmarking the vast majority of aid dollars for certain favored countries without regard to the effect such allocations have on U.S. commitments elsewhere. While earmarking is theoretically used by Congress in the budget process as a necessary and desirable check upon the Executive Branch, its principal use with regard to foreign aid has not been so lofty. Foreign aid earmarking has been used, all too often, not to ensure that all recipients receive their fair share of desperately-needed assistance dollars, but rather to protect certain nations from sharing in the burdens associated with a shrinking foreign aid budget.

As a result of this political practice, which we believe to be irresponsible, many necessary but unprotected assistance programs worldwide have been reduced or terminated as aggregate funding levels for U.S. foreign aid have declined. We believe that this practice has hurt U.S. interests in the Middle East and elsewhere. No country, without exception, should be immune from facing reductions in its foreign aid levels, and we urge this Subcommittee, in its deliberations on the FY 1991 foreign aid budget, to recommend a fair and equitable allocation of aid to all aid recipients in the Middle East. We therefore see the recent recommendation by the House Foreign Operations Subcommittee to restrict earmarking of Economic Support Funding to a small number of recipients as a step in the right direction, although we are disappointed that the largest recipients of aid have been exempted.

The President's FY 1991 Foreign Aid Requests

As in past years, the requests for foreign assistance submitted by the Administration represent the culmination of a long process during which the pressing economic and military needs of prospective recipient countries are filtered through the domestic political realities and budgetary constraints facing the United States. This process results in the paring of programs for some countries to the bone even before they are presented to the Congress, while requests for other countries known to be favored by Congress remain bloated.

Our specific recommendations concerning the Bush Administration's FY 1991 foreign aid requests for Lebanon, the West Bank and Gaza, Jordan, Morocco, Tunisia, Oman, Yemen, Egypt, Sudan, and Israel are given below. In addition, and for the record, NAAA supports the Administration's aid request for Algeria, Djibouti, Mauritania, and Somalia.

Table 1

TOTAL AND PER CAPITA AID FOR MIDDLE EASTERN AND NORTH AFRICAN COUNTRIES

NATION	POPULATION (in thousands)	PER CAPITA GNP (dollars)	US AID FY 1991 TOTAL (millions)	US AID FY 1991 PER CAPITA (dollars)
EGYPT	52,805	670	2,267	43
ISRAEL	4,371	6,810	3,000	686
JORDAN	2,955	1,560	87.1	29
LEBANON	3,301	N/A	12.025	4
MAURITANIA	1,876	440	7.406	4
MOROCCO	25,101	620	107.363	4
OMAN	1,412	5,830	15.1	11
SOMALIA	5,900	280	8.9	2
SUDAN	24,347	330	23.839	1
TUNISIA	7,935	1,210	59.552	8
WEST BANK / GAZA	1,650	1,000	13.977	8
YEMEN (North)	8,106	590	33.388	4

Source: A.I.D. Congressional Presentation Document, FY 1991, volumes I and II; also the Department of State Congressional Presentation for Security Assistance Programs, FY 1991.

It is instructive to note at the outset the wide disparity in U.S. aid per capita for the various countries of the Middle East and North Africa under the Administration's FY 1991 foreign assistance requests. As usual, Israel, with the highest per capita GNP of all, also receives the highest per capita amount in U.S. foreign assistance -- $696 for every Israeli, compared with $43 per Egyptian, $29 per Jordanian, and $4 for every

Lebanese, Mauritanian, and Moroccan. From the chart below, it can be seen that **Israel receives more U.S. aid per capita** ($686) **than the per capita GNP of Egypt** ($670), **Mauritania** ($440), **Morocco** ($620), **Somalia** ($280), **Sudan** ($330), and **the Yemen Arab Republic** ($590). We urge this Subcommittee to consider carefully whether such an imbalance can be justified.

Aid to Lebanon

NAAA is dedicated to peace and stability in Lebanon. We therefore support multi-national efforts, such as the Arab League initiative, and urge the U.S. government to continue to seek the full implementation of the Taif Agreement, which was concluded in order to facilitate gradual but meaningful constitutional reforms and the return of normalcy in Lebanon. We also support the government of President Elias Hrawi in its efforts to extend its sovereignty over all Lebanese territory and its attempts to secure and protect the basic rights and liberties of every Lebanese citizen and resident and the withdrawal of all foreign forces from Lebanese soil. Dedicated and resourceful work toward a solution to the problems of Lebanon must not be delayed or postponed. It must proceed despite the existence of other conflicts in the region.

While this agonizing process is taking place, it is essential that the United States visibly demonstrate its deep concern for Lebanon through the delivery of humanitarian aid on a scale sufficient to leave no doubt as to American intentions. While we recognize the difficulties associated with extending aid to Lebanon under present conditions there, we believe that the $1 million total of economic and military assistance to Lebanon that the Administration has requested for FY 1991 cannot meet our obligations to the Lebanese people. Although $10.625 million in PL-480 assistance is providing significant relief to a suffering population, a substantially greater commitment is needed.

We urge this Subcommittee to support ESF funding to Lebanon of not less than $7.5 million for FY 1991, as Congress appropriated last year. This minimal level of funding would demonstrate a U.S. commitment to Lebanon and the Lebanese people, and could easily be absorbed by that country. While NAAA is, in general, opposed to earmarking, we believe that if earmarking of aid to key Middle East recipients is continued, aid to Lebanon should also be earmarked to prevent any possibility of its losing its much-needed U.S. assistance. We therefore support a recent amendment to the Foreign Operations Appropriations bill (H.R. 5114) that was passed by the House of Representatives in June. The amendment, introduced by Representative Mary Rose Oakar (D-OH), earmarked $7.5 million in aid to Lebanon. We hope that this Subcommittee and the Senate will pass the same provision.

Finally, we regret that the Administration's request for ASHA funds would cut funding levels from an estimated $37.85 million in FY 1990 to only $23 million in FY 1991. We urge that ASHA funds for deserving institutions in the Arab world, including the American University of Beirut, not be reduced. U.S. aid to AUB has for many years been one of the best long-term investments in U.S.-Arab relations and a tangible signal to the commitment of the United States to academic excellence and freedom. The American University of Beirut has for generations been a beacon of western thought and education in the Arab world, and its alumni include many of the most prominent Arab leaders and intellectuals. We commend the U.S. government for continuing to provide AUB with aid throughout Lebanon's great ordeal, and we urge this Subcommittee to ensure that this vital assistance be continued.

Aid to the West Bank and Gaza

This year, the Administration is requesting approximately $14 million in aid for the occupied West Bank and Gaza -- down $1.3 million from the estimated $15.3 million for FY 1990. We believe this request is insufficient to maintain the quality of aid to the region that is needed, particularly in light of the severe economic strains that are still being felt as a result of the harsh Israeli crackdown on resistance to its 23-year military occupation.

Private economic development has been a major casualty of the military occupation. Palestinians have been denied permission to dig new irrigation wells, discouraged in their attempts to form cooperatives, limited in their planting of trees and vegetables, constrained from selling their produce in Israel or abroad, and turned down -- or made to wait indefinitely -- when applying for licenses to start up a business project or construct a building.

The U.S. aid program to the West Bank and Gaza has assumed even greater importance since King Hussein announced Jordan's intention to disengage administratively and legally from the West Bank and the cancellation in 1988 of the Jordan West Bank/Gaza Development Program. The 1.65 million Palestinians living in the occupied territories are in great need of assistance. U.S. aid will continue to develop human resources, foster economic growth, expand employment, and improve health and welfare services, but only if aid levels are sufficient to enable the programs to endure.

Despite the importance of the West Bank and Gaza program of A.I.D. to both American foreign policy and the Palestinian people themselves, there is no permanent A.I.D. representative on the scene to supervise or audit the program. NAAA considers that the value of this program to U.S. interests and to the Palestinians justifies the permanent presence of such a representative for professional oversight of U.S. assistance.

ESF monies are proposed to fund projects that will cultivate human resources, improve health, water and sanitation, construct schools and roads, and develop agricultural credit and private sector activities. Given the desperate situation in the Occupied Territories, we believe that the Administration's request is the absolute minimum necessary to promote and preserve U.S. interests there. We urge this Subcommittee to authorize no less than the $11.8 million requested, but recommend that the figure be increased to $15 million.

Even under the current unsettled conditions on the West Bank and Gaza, the grassroots projects successfully established by the American PVOs are still operational and must be encouraged. For many Palestinians, rightly or wrongly, the American-manufactured military equipment, tear gas, and munitions of the Israeli Army are the most tangible expressions of America's intentions in the occupied territories. As a counterweight to this, the small aid program for the West Bank and Gaza conveys a message of hope and peace to the Palestinians which should not be underestimated.

The small aid program funding economic and social development in the West Bank and Gaza has had perhaps the highest impact of any American aid program anywhere in the world. It is designed to stimulate private sector activity to support institutions which can serve to channel funds to private borrowers for productive uses in agriculture and industry. The Administration's focus on aid to the Occupied Territories as a means to provide the essential tools for economic development of the local population is an integral part of the peace process.

Aid to Jordan

Jordan is a long-time ally of the United States and an indispensable element in the search for peace in the Middle East. The kingdom continues to be a force for moderation and stability in the region, and its recent democratic reforms, including parliamentary elections last November, were a significant evolutionary step in its political system. Jordan's ability to continue as an active partner in the peace process depends upon the willingness of the United States to help it in meeting its legitimate and very pressing economic and military needs.

We strongly support the Administration's request of $35 million in ESF funds for Jordan for FY 1991. Worker remittances and financial grants from friendly Arab countries in the Gulf have declined substantially in the past few years. At the same time, economic growth has slowed and the value of Jordan's dinar has fallen precipitously. In order to combat its economic difficulties, Jordan negotiated an arrangement with the International Monetary Fund and has made what A.I.D. calls "impressive progress at comprehensive economic policy reform." We believe that authorization and appropriation of the entire request for ESF aid for Jordan is critical if it is to continue with economic reforms that are underway.

We also support the $50 million in FMS assistance that has been requested for Jordan in FY 1991. That assistance will permit Jordan to service U.S.-made equipment presently in its inventory, upgrade other essential items, and finance small quantities of urgently-needed military items. We note with regret that U.S. military assistance levels remain at a point where Jordan continues to have a negative cash flow of some $3 million in servicing its FMS debt burden and believe that it is crucial that the President's current request be authorized in full.

Aid to Morocco

NAAA supports the Administration's FY 1991 request of $107.36 million for Morocco. We note with regret, however, that ESF will be reduced by almost $8 million. This reduction is unfortunate. The Moroccan economy has suffered under severe strains in recent years. It has an external debt burden which is 118 percent of its annual gross national product, and it has had to struggle over the years with the problems of severe drought, a locust plague and low demand for phosphates, its principal export. With a population of over 25 million and a per capita GNP of only $620, Morocco needs and can effectively utilize the $24.5 million in ESF and Developmental Assistance and $38.45 million in PL 480 assistance that the Administration has proposed.

At the same time, Morocco has shown itself determined and able to implement a program of fiscal austerity and economic adjustment under the assistance of the World Bank and the International Monetary Fund, and it has succeeded in becoming one of the most successful countries in the world in carrying out an economic stabilization program. As a result of economic liberalization, including reduction of tariffs and subsidies, currency devaluation, and removal of price controls, Morocco has significantly improved its economic position. Adequate U.S. aid is vital if Morocco is to sustain its achievements.

U.S.-Moroccan friendship has been unbroken for more than 200 years, and both countries benefit from their close bilateral ties. Strategically located on both the Atlantic Ocean and the Mediterranean Sea and guarding the Strait of Gibraltar, Morocco permits visits by U.S. Navy ships at its ports, grants U.S. temporary access to its military bases, and provides an emergency landing site for the U.S. space shuttle. It is also the site of an important Voice of America transmitter. Morocco has played an active and positive role in the search for peace in the Middle East and has actively sought to help end the conflict in Lebanon.

Aid to Tunisia

We support the Administration's FY 1991 request of $59.5 million for Tunisia, and urge this Subcommittee and the Congress to appropriate the full amount. We believe, however, that the $25.9 million in ESF and PL 480 aid is the minimum amount necessary to meet Tunisia's very pressing economic needs.

Tunisia has been a close friend of the United States since it gained independence in 1956. During the American hostage crisis in Iran, it cast the deciding vote in the U.N. Security Council for sanctions against Iran. In the Arab League, Tunisia has consistently been a force of moderation.

Since President Zine El-Abidine Ben Ali assumed office in November 1987, in accordance with Tunisia's constitution, the Tunisian leadership has continued to follow the moderate pro-West policies that have been a hallmark of Tunisian-American ties. The friendship between Tunisia and the United States was strengthened by the visit to the United States earlier this year by President Ben Ali.

Under its current leadership, Tunisia has undergone considerable economic and political liberalization and has moved towards a more market-oriented economy. It has, in fact, met or exceeded targets of a stringent structural adjustment program set up in conjunction with the International Monetary Fund.

The promising economic and political developments, which are a tribute to the pride and determination of the Tunisian people, make the continuation of adequate amounts of U.S. aid even more vital. Implementation of the ambitious economic and political reforms that have been undertaken will be facilitated by such aid.

Aid to Oman

The Administration's request of $15 million in ESF aid for Oman in FY 1991 is somewhat higher than the estimated $12.55 million Oman will receive in FY 1990. We urge this Subcommittee to sustain this year's request for Oman, including the proposed $100,000 in IMET aid.

There are sound economic reasons for appropriating this level of aid to Oman. While the general decline in world oil prices has reduced Oman's chief source of revenue, there remains a pressing need to develop adequate human resources and diversify the oil-based economy of the country. According to economic projections, Oman's oil resources are expected to last only another thirty years or so.

The United States and Oman have enjoyed a warm friendship and close ties for many years. Commanding the southern side of the strategic Strait of Hormuz, a strong and stable Oman is critical to U.S. national interests. Gulf oil exported by sea through the Strait of Hormuz goes through shipping channels inside Omani territorial waters. The Sultanate is actively modernizing its military forces in order to contribute to regional defense as a member of the Gulf Cooperation Council.

Oman has also granted the United States limited peacetime and extensive emergency access to its military facilities, enabling the United States to meet threats to its vital interests and those of its Arab friends in the Gulf. At the same time, with the signing of the 1980 Access Agreement, which will be under review in 1990, the United States pledged to try to provide significant levels of ESF aid to Oman. We believe that the package under consideration for FY 1991 is an important step towards meeting the U.S. pledge.

Aid to the Republic of Yemen

The recent unification of North and South Yemen is one of the most important and promising developments in the Arabian Peninsula in many years. The United States should extend aid to the newly united country as it has done for the Yemen Arab Republic. This should encourage the people of South Yemen to restructure their economy away from centralized control and permit a greater reliance on the free market. In particular, U.S. aid will go far to convince the inhabitants of the former People's Democratic Republic of Yemen (South Yemen) that a more moderate political position and closer ties with Western nations are both beneficial and desirable.

We therefore support the $33.388 million security assistance package for the Republic of Yemen. With a rapidly growing population, now numbering more than 11 million, a small per capita GNP, and a low literacy rate, Yemen genuinely needs and depends upon the small amounts of aid that the United States and other countries provide. Worker remittances from abroad and the modest amounts of oil that Yemen currently exports are not nearly enough to sustain a desirable level of economic growth.

The Republic of Yemen commands a strategic location guarding the southern entrance to the Red Sea and bordering Saudi Arabia and Oman. A strong, economically sound, and politically moderate Yemen will help to promote stability and peace in the region.

The integration of the armed forces of the formerly separate states will be a delicate endeavor. Continuation of a prudent FMS package by the United States will enable the Yemeni army to maintain its American equipment, support training programs for its armed services, and encourage the new nation's military to see the United States as a reliable ally.

The bulk of U.S. assistance will be in the form of economic aid, including $20.5 million of Development Assistance and $10 million in PL 480 assistance. We urge that this level of assistance be approved.

Aid to Egypt

The United States and Egypt have developed a close and complex relationship over the past two decades, and Egypt has been working consistently to promote the Middle East peace process and a Palestinian-Israeli dialogue. The readiness of Egyptian officials to take risks for peace, even in the face of considerable economic difficulties at home, attests to their dedication. As diplomatic relations between Egypt and other Arab countries have been reestablished and improved, Egypt has reassumed a unique and valuable role in the peace process. Egyptian leaders may play an even greater role in the peace process now that the U.S.-PLO dialogue has been suspended by working to convince the United States and the PLO to resume the dialogue.

The total of $2.26 billion in military and economic assistance that has been requested for Egypt, a sum which includes $1.3 billion in FMS, $815 million in ESF, and $150 million in PL 480 assistance, is slightly less than last year's request, but still represents a generous commitment to Egyptian economic stability. While we recognize that such levels of aid, both in absolute and relative terms, are considerable, we support the President's request and recommend its approval by Congress. We nevertheless reiterate that no country should be immune from bearing its fair share of any burdens associated with unavoidable foreign aid budget cuts.

Egypt needs the aid that has been requested. Its 52.8 million people have a per capita GNP of only $670. Egypt is facing onerous economic difficulties, some of which are largely beyond its control. A decline in Egypt's oil revenues, remittances from abroad, and other problems have caused substantial burdens on Egypt's troubled economy.

The close bilateral relationship between Egypt and the United States has been enhanced by the extensive economic and security ties that have developed between the two countries over the past decade. The benefits accruing from this relationship flow both ways. For example, coproduction of the M1A1 tank is an important component in the U.S.-Egyptian security relationship. While coproduction will promote Egyptian military self-sufficiency, it will also sustain thousands of jobs for American workers.

It should be noted that Egypt must spend almost its entire requested ESF allotment in FY 1991 on repayments to the United States on its past debt alone. Even if ESF aid levels from the United States to Egypt remain constant over the next five years, Egypt's FMS debt repayments would actually exceed its ESF aid over the period -- a situation which we consider to be counterproductive. Without such assistance, however, the strains placed on the Egyptian economy by debt servicing requirements would be unbearable.

U.S. assistance to Egypt plays a pivotal role in the ability of Egypt to institute much-needed but unpopular economic reforms. There is no doubt that further significant reforms are both necessary and desirable in the long run, though the burdens of such reforms on the large and growing Egyptian populace will be substantial and must be allocated equitably.

Aid to Sudan

We support the Administration's FY 1991 request for nearly $23 million in food aid to the people of Sudan as an important humanitarian gesture. With a population of 24 million, a per capita GNP of only $330 and an infant and child mortality rate among the highest in the world, Sudan is one of the least developed countries in the Arab world. In recent years it has been plagued by the dislocations and carnage of a recurring civil war, which has been a constant drain on its human and economic resources. We urge this Subcommittee to approve the Administration's humanitarian and food aid request in its entirety. Humanitarian support should be provided regardless of differences between the United States and the current Sudanese government.

Given the widespread suffering that is being experienced in the Sudan, we urge the United States also to move boldly in support of international efforts to bring an end to that war. We are particularly concerned that humanitarian efforts be energetically supported through proven relief programs that are already in place. This would include private voluntary organizations, international organizations, and various A.I.D.-administered accounts such as the U.S. Emergency Refugee and Migration Assistance Fund and the Migration and Refugee Assistance account.

Aid to Israel

The enormous FY 1991 request for Israel represents, yet again, the largest single aid package in the foreign aid budget. With a per capita GNP of $6,810 (more than ten times the per capita GNP or Egypt, Morocco, Yemen, or Sudan), and a population of only 4.37 million, it is difficult to make a strong case in support of $1.2 billion in economic aid for Israel.

Whatever the reasons for granting such a large percentage of the total foreign aid budget to one rather wealthy country, it is the manner in which that aid is given that ought to be given careful consideration by Congress, and particularly by this Subcommittee. Unlike every other country, Israel is given its aid on an unconditional basis. This complete and utter lack of accountability has permitted Israel to carry out its economic, political, and military policies without the need for any concern for or consideration of U.S. security interests in the Middle East. In other words, the $3 billion foreign assistance check which is given to Israel at the beginning of each fiscal year amounts to a blank check on Israeli policy towards its neighbors.

We question why U.S. officials of the Agency for International Development review the economic assistance programs of every other recipient of U.S. economic aid, while there is no U.S. government scrutiny whatsoever of the $3 billion in aid given to Israel annually. Even the miniscule economic program for the West Bank and Gaza is inspected by visiting A.I.D. officials from time to time. We believe that A.I.D. should have the same inspection rights in Israel to monitor what actually happens to U.S. economic assistance as it does elsewhere in the world.

There should also be an unmistakable and unavoidable linkage of U.S. foreign assistance to Israel with respect to Israeli human rights policies. Section 116 of the Foreign Assistance Act of 1961, which was approved by Congress, specifically proscribed U.S. assistance to countries which engage in "a consistent pattern of gross violations of internationally recognized human rights." Yet both the State Department's 1988 and 1989 *Country Reports on Human Rights Practices* have documented a widespread pattern of gross Israeli human rights violations in the Occupied Territories.

Israel should be held no less accountable for these violations than other nations which are criticized in the *Country Reports*. It is the double standard, in which Israel is held to far less stringent requirements of international morality than any other nation in the world, that makes such enormous quantities of aid to Israel unsupportable.

A similar situation pertains to Israeli efforts to settle Soviet Jewish refugees or other Israeli citizens in the occupied territories of the West Bank and Gaza, including East Jerusalem. We do not oppose the willing migration of Soviet Jews out of the Soviet Union. But any direct or indirect assistance provided by the United States government to help Israel colonize the occupied territories is contrary to stated U.S. policy and is an obstacle to peace and stability in the Middle East. Direct negotiations between all the parties involved in the Arab-Israeli conflict, not unilateral Israeli actions designed to alter the demographic or geographic situation in the Occupied Territories, should be the formula for peace in the Middle East.

The United States should exert political pressure to the fullest extent possible to persuade Israel to abandon its settlement activities in the Occupied Territories. Failure to comply should result in tangible and unmistakable penalties to Israel, including the reassessment of its foreign aid allocation, as prescribed by U.S. law.

Conclusion

We believe that the closest possible relationships between the United States and the countries of the Arab world are an essential component for promoting U.S. national security interests in the Middle East. These relationships, built on mutual trust and respect, will benefit all parties concerned.

U.S. foreign aid to the Arab World, in particular, is a wise and prudent investment in the stability of the region that strengthens already solid friendships and underscores the U.S. commitment to its Arab allies. We urge this Subcommittee to review the Administration's foreign assistance requests for the Arab countries, on a case-by-case basis, with sensitivity and concern for their compelling individual needs.

We also ask that this Subcommittee require Israel to be held to the same standards of accountability that are applied to all other countries. We believe that the practice of giving more per capita aid to Israel than the entire per capita gross national product of at least six Middle Eastern and North African countries and many other countries elsewhere in the world should come under intense scrutiny. This is particularly urgent now that increased aid requests are being placed upon the United States worldwide at a time when deficits have forced budget reductions and burdened the American taxpayer.

STATEMENT OF ALEXANDER M. COUNTS, LEGISLATIVE DIRECTOR, RESULTS

Mr. Chairman, Members of the Committee, ladies and gentlemen, it is an honor to appear today to give testimony before your subcommittee.

I come with an urgent proposition -- that we work together to assure that the spread of democracy and human rights not stall in Eastern Europe before it reaches the one billion people on earth who live in absolute poverty.

During the past 2 years, I have seen with my own eyes that "perestroika" for the world's dispossessed is both urgent and more importantly do-able. Whether in the form of a $50 loan or access to basic education, very poor families are primed for changes in their lives which would make the changes experienced by Eastern Europeans look modest by comparison.

Mr. Chairman, I work for an organization called RESULTS, and our mission is to create political will to end hunger. With little more than outrage at the problem of world hunger, we began our work ten years ago in a California living room, writing letters to our elected officials. We had no bank account, no strategy, no ideology, no preconceived notions about what works and what doesn't work in ending hunger.

Over that decade, we have come to see several things very clearly. The one I would put before this committee is our discovery that poor people possess an impressive -- I might say inspiring -- ability to do things for themselves and pull themselves out of poverty by their bootstraps. Over the past year I've sat in villages in Bangladesh, Malaysia, the Philippines and Mexico and spoken to hundreds of people who have turned the smallest opportunity into a way out of poverty.

Let me give you one example from my time in Bangladesh as a Fulbright scholar. In a village some 40 miles from the capitol city of Dhaka, I met a woman named Monohara Begum. She had been a widow who had to resort to begging to survive. Her children had to beg with her. She told me a story about how she get shooed away when she would beg in front of the house of the local "union chairman". (The union chairman is the highest ranking local government official.)

Three years ago, Monohara took out a loan from the Grameen (Rural) Bank from Bangladesh, which is a Bank designed to serve the poor rural women in Bangladesh which enjoys a 98% repayment rate and has a membership of 700,000 poor people. Monohara knew exactly what to do with the money; she had been taught the skill of mat-making as a young girl and could see that the kind of mats she could make would be in great demand.

Three loans later, Monohara has made quite a little fortune for herself. She now has a roof over her head and a steady flow of income; her two daughters are in school; and she no longer knows the indignity of begging. But most important, and I want to stress this, is that she has also become a leader, as she was elected representative of all the Grameen Bank borrowers in her village. Today, she regularly gets invited to come to the "union chairman's" house to discuss local politics. Indeed, a woman who was shooed away from the chairman's door is now a fully empowered citizen who, by virtue of a $30 loan, is having her first genuine experience of democracy and political power.

Just as the actions of Eastern Europeans lead to the liberation of Eastern Europe, it will be primarily through the actions of citizens of the Third World that people like Monohara are liberated. So the critical question to development thinking from our perspective is this: what can *we* do to encourage victories like that of Monohara and what can we *stop doing* that is actively preventing such progress.

Below I will describe areas in which I think a shift in foreign aid policy could catalyze changes in the lives of millions of poor people in this, the last decade of the millennium.

Credit for the Poor

For the last several years, RESULTS has supported the microenterprise loans for the poor earmark. Our initial inspiration for this idea came from the Grameen Bank of Bangladesh [see above], but in the intervening years we have become aware of many more examples of proven methodologies for getting life-sustaining credit to very poor people in the Third World.

In addition to Grameen Bank, we have learned of the work of the Baden Kredit Kecermaten in Indonesia, with over 500,000 borrowers; of ACCION International, which extends over $1 million every *month* in very small loans to "solidarity groups" in Latin America; of FINCA, which has over 13,000 very poor female borrowers and a repayment rate of over 95%; of Freedom From Hunger Foundation, based in Davis California, which is in the midst of an initiative spanning three continents the purpose of which is to assure nutritional self-sufficiency of the poor by providing credit; and the 11 indigenous credit movements studied in the new book *Banking the UnBankable*, by the Panos Institute.

In the cases cited above, almost all of the loans are under $300, and most are below $150. There is a rigorous commitment to targeting the poorest people, because lacking that commitment the less poor will almost always elbow out the very poor. Finally, these institutions earn back a significant portion of their costs through interest payments, and some are very close to financial self-sufficiency. When one compares this to all the foreign aid hand-outs to the poor (and primarily, I'm afraid, to the rich), this is an inspiring new opportunity to provide aid that reaches the poor and leaves them with dignity rather than shame, and supports institutions committed to being self-sustaining instead of dependant.

After a year spent in Asia and a brief fact-finding tour in Latin America, it is my firm belief that in *every* village where there is a money-lender skimming profit off of the labor of economically insecure poor people, *some* kind of scheme to get credit to the poorest people is either already working or *could be* working.

Against this backdrop of opportunity is the Agency for International Development's implementation of the microenterprise loans for the poor program. According to data provided by AID in its March 30 "Report to Congress", the Agency continues to largely avoid bringing some of its considerable resources to bear on getting credit to the poorest, most vulnerable people.

For example, of the $75 million earmark in fiscal year 1989, merely 7% went to loans under $300, a decrease in absolute and especially relative terms from the previous year. Only 37% of assistance went to women, though -- to its credit -- the Agency promises to better include women in the future. Finally, less than 40% of the program went to *any kind* of credit activities -- the rest went to technical assistance, training, policy reform, institution-building and "other." In the original legislation that passed the House Foreign

Affairs Committee, 80% of the program was supposed to go for credit activities.

What we find more problematic, though, is that AID has made it clear that Congressional *report language* or recommendations alone are insufficient to have the Agency reevaluate its strategy. In an article that appeared in the December 4, 1989 edition of *The Christian Science Monitor*, columnist Rushworth Kidder wrote, "The folks at AID ... point out that Congress voted down legislation covering gender and loan size, leaving it to the committee report merely to "urge" those standards."

In response to this reluctance to target the poorest women as part of its "micro-enterprise development program," there is now a movement to urge this committee to write more specific language this year. This initiative is being spearheaded by two operational private voluntary organizations -- Katalysis (which recently received a $600,000 matching grant from AID) and the Foundation for International Community Assistance (FINCA).

Their recommendations include:

> ...the $20 million earmark for loans under $300 [included in the House report] be included in your bill as well as your report. This will avoid the present situation of intent being characterized as recommendations...
>
> ...the Agency needs to take actions to build its capacity to implement the kind of program we envisage, and your report should include language encouraging the Agency to hold regional workshops and exchange visits ... [about] "minimalist" or "poverty lending" credit programs...

We fully endorse this courageous initiative to better target this small portion of the $75 million earmark.

Regarding the first recommendation, we feel that the $300 loan cap, in the words of Katalysis and FINCA, is "an important incentive for AID to focus on programs the Agency defines as 'minimalist.'"

Regarding the second recommendation, I'd like to describe a program I have been involved in which exemplifies "capacity building" -- the "Dialogue and Exposure" programs hosted by the Grameen Bank in which the *German* development community has been able to build *its* capacity to implement a poverty lending strategy.

In 1988 and 1989, under the leadership of Dr. Karl Osner, a high-ranking official in the BMZ (the German equivalent of AID), between 25 and 30 members of the German development community -- including high-ranking government officials, mission staff, members of the religious community, German and indigenous NGOs -- have gathered in Dhaka to reevaluate their development strategies. Before doing so, however, all participants were required to spend four days in rural Bangladesh interviewing poor women who had improved their lives with small loans. Not surprisingly, the participants committed themselves to significant changes in their methodologies after returning from the villages.

Mr. Chairman, I submit that *our* overall development strategy, and in particular AID's microenterprise strategy, needs to be re-thought. I encourage you to accept the recommendations of Katalysis and FINCA, and assert that if you do, the coming years could witness hundreds of thousands of poor families having the opportunity to escape dire poverty in a dignified fashion.

The World Summit for Children

As you know, a historic gathering of Heads of State and Government will occur September 29-30 at the United Nations in New York. This World Summit for Children has as its purpose enhancing political commitment at the highest levels for the benefit of children throughout the world.

RESULTS has joined a coalition of 15 groups including Save the Children, CARE-USA and Children's Defense Fund to focus attention on the Summit.

In this effort, we are primarily lobbying the Executive branch, but I want to point out that two of the goals being proposed by UNICEF for adoption at the Summit are almost identical to those which were in the Global Poverty Reduction Act.

These are:

- Reduce under-five mortality rate in all countries by one third or to 70 per 1,000 live births, whichever is less;
- Provide universal access to basic education and reduce adult illiteracy rates by at least half, with emphasis on female literacy.

James Grant of UNICEF argues convincingly that to achieve these goals requires *re-focussing of existing resources* as much as it requires new resources.

Your subcommittee included language last year which made an important beginning in refocussing our foreign aid. It required the Agency to "establish a system of quantitative and qualitative indicators of poverty reduction" and you included in your list of such indicators the under-five mortality rate and female literacy.

We have some serious concerns that the process of goal-setting at AID is going very slowly and may not be complete by its next Congressional Presentation. But our more fundamental fear is that AID would set goals which would be significantly less ambitious than those that will be adopted by heads of state -- among which we hope to be President Bush -- in September.

Thus, we encourage your subcommittee to include report language which re-emphasizes the importance of AID's system of poverty indicators and, in addition, that in setting the indicators the Agency not undercut goals being adopted by such a historic gathering of leaders.

Education Earmark

For the past several years, your subcommittee has earmarked a portion of the Education and Human Resources account for primary education. The result has been that the percentage of foreign aid going to primary education has increased, and considering the impact literacy has on productivity, infant mortality, and fertility, among other things, this is a very important advance.

Coming on the heels of the Education for All conference, we recommend that the earmark sharpen its definitions so that they are consistent with those adopted at the conference.

Until now, the report language has recommended that funds "shall be available only for programs in basic primary and secondary education." We propose that this year's language be:

> The earmarked funds shall be available only for programs in basic and primary education, which includes both formal and non-formal education of children, youth and adults at the first or foundation level on which subsequent learning can be based, and does not include secondary education.

Why this sharpening of focus? First, secondary education simply is not basic education. Numerous studies confirm that primary education is considerably more cost-effective than higher education. World Bank economist George Psacharopoulos found that the *economic* return to basic education was double that to higher education. Thus, a firmer focus at the primary level would, we believe, improve the performance of AID's education program.

Second, the current earmark excludes non-formal education and is ambiguous as to whether it includes pre-primary schooling of any kind. If your committee adopted our proposed language, these two essential activities could be funded by the earmark.

United Nations Capitol Development Fund and IFAD

I wish to add that we support funding for UNCDF at $3 million and for IFAD at $30 million. I understand that a bi-partisan group of Senators recently sent you a letter urging these funding levels, and let me just add RESULTS' voice to those requesting these modest increases.

Development from a Worm's-Eye View

A prominent Third World grassroots leader recently said to me, "Too much development policy gets set by people who take a bird's eye view of poverty. What we need is for those who set development policy to take more a worm's-eye view of poverty. Only by getting close up to the problem can one see the true strengths and weaknesses of the poor and thereby set an appropriate course for development policy."

My year in Bangladesh as a Fulbright scholar, living with courageous villagers who were battling and in many cases defeating grinding poverty, taught me that the kinds of programs and methodologies we are suggesting make sense from a view at the bottom -- from where a worm would see. Of course, they might not make much sense to someone who takes a bird's eye view.

Let me conclude by saying that many of our members have also taken the time to go to the Third World and live in its villages, with its people. Every time one of our members returns they are more convinced of the need to re-focus foreign aid at the bottom. The issue of targeting comes up over and over in our debriefing discussions.

One of those activists, Peter Rickett, a substitute school teacher in Olympia, Washington, said this at the end of a recent RESULTS trip to Bangladesh:

> Before going out to the villages, I had heard that Bangladesh was the world's basketcase. Now I think, if this is the world's basketcase, then I have a lot of hope for the world.

Paul Berkowitz, an international affairs assistant for the Honorable Ben Gilman (R-NY) said this about his view of poor Bangladeshi women after completing the same program:

> These people are like the people who migrated to America at the turn of the century. No one said they had any skills either, but they possessed an indomitable will to build a better life for their families.
>
> When I looked into the faces of the [Grameen Bank] borrowers in the villages, I saw the face of my grandfather, who immigrated here with grand dreams for rising out of poverty, educating his children, and leaving a legacy of sacrifice and hard work.
>
> I couldn't believe how much these people wanted the same things, and how a small loan could allow them to turn their determination and vision into an income and a future worth living for. When they told their stories, I was often shocked by what horrors they'd lived through, and was amazed at how resourceful they were both before they got a loan and especially afterwards.
>
> But then I thought back to my grandfather, about his resourcefulness, about his dreams in coming to this country -- and then I wasn't so amazed anymore. I just saw how people are people, and that when even the most down-trodden gets a chance -- or *especially* when the most down-trodden gets a chance -- they have the capacity to do a great deal for themselves, their families and, indeed, their societies.

The view from the bottom, from "the eye of a worm", is truly one of hope and inspiration -- but only if you take the time and effort to see it up close.

Mr. Chairman, thank you for your attention, and let us all work together to make this the decade of decisive action for the removal of hunger and poverty from the face of the earth.

STATEMENT OF GEORGE L. CROWELL, ASSOCIATE DEAN, PAUL H. NITZE SCHOOL OF ADVANCED STUDIES, JOHNS HOPKINS UNIVERSITY

Good afternoon. My name is George L. Crowell, and I am associate dean of The Paul H. Nitze School of Advanced International Studies of The Johns Hopkins University. Our dean, George R. Packard, is out of town today.

I am here to testify on behalf of two parts of our School located overseas, The Johns Hopkins University Bologna Center in Bologna, Italy and The Johns Hopkins University-Nanjing University Center for Chinese and American Studies in Nanjing, China. Both are recipients of funding from the American Schools and Hospitals Abroad Program set forth in the Foreign Assistance Act. The Bologna Center has received ASHA grants in 14 of the last 15 years; the Hopkins-Nanjing Center has received ASHA grants in each of the past three years.

The Johns Hopkins University Bologna and Nanjing Centers constitute unique national resources, providing American style, graduate-level international relations and economics instruction to future leaders from the United States and more than thirty foreign countries. In Bologna, all instruction is in English; in Nanjing, Americans are taught in Mandarin Chinese by Chinese professors, while Chinese students receive instruction in English from American professors. Both the Bologna and Hopkins-Nanjing Centers meet fully the program criteria established for the ASHA program. They demonstrate American ideals, values and practices, and they provide expanded educational opportunities for citizens of the United States in foreign countries. More specifically, these international relations centers give a select group of young Americans the knowledge, cultural understanding, and language skills they will need to improve America's global competitive position and our nation's international affairs competence.

In the present rapidly changing international context, the Centers play an exceptionally important role. Since its inception thirty-five years ago, the Bologna Center has concentrated on the history, politics, economics, and international relations of Europe, and Europe's ties with the United States and the developing world. Quite naturally, the European community, as it emerged, became a focal point of instruction, as the more fully integrated Common Market envisioned for 1992 is now. Over the years, the Center has also been active in developing and expanding ties with the nations of Eastern Europe, and the Center is moving quickly to take advantage of the new era of freedom in that region to expand still further its exchange programs. Thus, the Bologna Center is exceptionally well placed to provide Americans -- and others -- with a profound understanding of the rapidly emerging new Europe, both East and West. As our country seeks to assist the nations of Eastern Europe in moving toward more democratic forms and more market-oriented economies, this unique national resource, the only U.S. graduate school of international affairs on the European continent, should not be forgotten. To assure its financial health, continued ASHA support is necessary.

The Hopkins-Nanjing Center represents a national asset of another sort. In the aftermath of the June 4, 1989 massacre, it represents one of the very few direct links this nation still has with the Chinese intellectual community. At a time of some controversy in our country over China policy, I believe nearly all would agree on the value of maintaining this tie. That the Chinese have permitted the Center to operate without interference since the June 4 incident demonstrates, we believe, the exceptional high value they attach to this bold experiment. Graduates of the Hopkins-Nanjing Center are certain to have a profound impact on U.S.-China relations for decades to come. Continued ASHA support is essential to its financial well-being.

Looking more closely at each of the Centers, I turn now to the Johns Hopkins Bologna Center.

The primary purpose of the Bologna Center is to educate and prepare both American and non-American students for professional careers in international affairs through the study of political science and economics and their application to international relations and foreign policy issues.

Three kinds of "development" questions are presently at the forefront of the Bologna Center's concern: the economic and political development of Eastern Europe and the Soviet Union as the remarkable transformations in the East bloc unfold; the development of a unified economy in Western Europe as 1992 approaches; and the economic and social development in the Third World which remains so important to us.

The importance of having an American university in Europe where Americans, Europeans and other non-Americans receive advanced training in international studies, cannot be over-emphasized. During the 35 years of its existence, the Bologna Center in Europe has developed a reputation as one of the premier graduate institutions on the Continent in which to pursue an interdisciplinary program of international relations. The Center serves as a meeting place for the next generation of American, European, and world leaders in an environment where communication skills are developed and friendships are formed. This spirit of community and cooperation is carried into the international arena to promote closer ties among nations of the world.

The Center's academic program focuses on transatlantic relations and the politics, economics and history of Europe. In the broader, global context, the school also provides a strong basis for study of related regional questions, emphasizing the problems of Third World development. Appropriate courses are offered in each of its areas of concentration--International Economics, International Relations, and European Studies, as well in languages. The courses in International Economics focusing on economic development deal with crucial questions in North-South relations: trade liberalization and negotiations; financial flows; the debt crisis and the role of international financial institutions. International Relations courses investigate regional conflict in the Third World; political modernization in Africa, Latin America and the Middle East; arms control and security concerns; and sociological and environmental issues. European Studies offers courses in the evolution of Western Europe's relations with Third World, including those between the EEC and ACP countries; the North-South dialogue; decolonialization and the resulting special relations between European countries and the developing world.

The Center provides support for a number of carefully selected students from developing countries who study at an institution which maintains the highest academic standards where they share their knowledge, experience and cultural traditions with colleagues from industrialized countries.

The multinationality of the Bologna Center student body is one of the school's most distinguishing features and important assets. In academic year 1989-90 the student body was composed of students representing thirty nationalities, including those from the developing countries of Brazil, Chile, Colombia, Egypt, Ethiopia, India and Mexico, and the East bloc countries of Poland, Hungary, East Germany, Bulgaria, Yugoslavia, and the Soviet Union.

The number of Eastern European students will increase in the future as will the number of Eastern European exchange programs. In 1989, the Center added to its exchange programs with institutions in Poland, East Germany and Hungary, by concluding an exchange agreement with the Bulgarian Academy of Sciences. Another agreement with Charles University in Czechoslovakia is expected to be formalized in 1991. In addition, beginning in academic year 1990-91 a new professor of Eastern European affairs has been engaged and the relevant course offerings will be expanded, placing the school in the forefront of graduate-level training on Eastern Europe.

The Bologna Center is a private institution that is an integral part of The Paul H. Nitze School of Advanced International Studies of The Johns Hopkins University. Under a longstanding policy of the University, the Bologna Center must support itself financially. The revenue comes largely from students' tuition, yet tuition alone is not enough to maintain the Center. Continuation of the Center's program is assured by grants from the U.S. and Italian governments, which together provide about 20 percent of the Center's income.

The Bologna Center maintains an active fundraising program, which has succeeded in locating numerous sources of external funding in the form of fellowships and gifts and grants. For the most part, however, these must be renewed annually.

Recognizing the need to expand its financial base, the Center recently embarked on a major new fund-raising effort to raise a $10 million endowment, as part of a larger School of Advanced International Studies drive. Significant progress has already been made: about one quarter of the funds has been pledged and we are optimistic that much greater progress will be made toward our goal. Until the income from this endowment becomes available to the Center, however, it will continue to need support from the United States government. We very much hope that the ASHA support provided in FY 1990 can be repeated in 1991.

The year's experience for students in Bologna is invaluable in helping them prepare for professional careers in international affairs. Many graduates of the Center testify that their year in Bologna was the most meaningful and important in their lives.

The achievements of the Center's graduates attest to the excellent education the it affords. In its thirty-five years of existence, the Center has educated almost one-third of the Austrian Foreign Service, including the Foreign Minister of Austria; some 15 percent of the Italian Foreign Service; a significant proportion of the U.S. Foreign Service, and a number of members of the respective European parliaments. Others of the 3,150 Bologna Center alumni, including those from the developing world, can be found in public and private sector occupations around the world: in international and regional organizations, multinational corporations, banks and other financial institutions, non-profit organizations, journalism, and research centers and universities.

For the Bologna Center, a small-scale institution with 150 students, the support provided by the American Schools and Hospitals Abroad Program is invaluable. At such a critical juncture in the evolution of international affairs, it is vital that we continue to enable such an institution as the Bologna Center to thrive.

I turn now to The Johns Hopkins University-Nanjing University Center for Chinese and American Studies, located on the Nanjing University campus. It is the first jointly funded and administered educational venture in the People's Republic of China. Opened in 1986 in a new facility, the Center houses American faculty and families, Chinese professors, visiting scholars, and up to 50 Chinese and 50 American students annually.

The Hopkins-Nanjing Center provides a two-semester, post-graduate curriculum focusing on the economics, trade, politics, international relations, foreign policy, and the modern history and societies of the U.S. and China. Chinese and American faculty and students are selected on a nationwide competitive basis in each country.

The Center is an innovator in Sino-American academic cooperation, library usage, and advanced training. The Center represents a unprecedented venture for the Chinese in many respects: in their material commitment and in the truly joint nature of the program (specifically with Chinese and American co-administration and consultation on curriculum, and with American and Chinese co-habitation). In these and many other ways, such as direct election of student representatives, the Chinese are taking a big risk. Indeed, through the Hopkins-Nanjing Center, they are experimenting with an open society.

The Center's library, containing 36,000 books and 400 periodicals, is one of the first open-stack, uncensored libraries in the People's Republic of China and one of the first to use the American reserve book system. It is currently the premier library in China in the fields of American studies and international relations. The ability of the Nanjing Center's library to acquire social science research materials only a few months after they become available in the United States makes the collection probably the most current in China. It is also uniquely advanced in having an on-line computer catalog system for all English language books and periodicals. Advanced language instruction utilizes a state-of-the-art language laboratory and is provided to all students. The Center's Chinese students take courses in English from the Center's American faculty, while the American students study under Chinese professors using Mandarin Chinese.

The Center contains a 300-seat auditorium complete with simultaneous translation capability. Seminars, conference, and summer institutes for the business community and other constituencies are being developed at the Center to take full advantage of these facilities.

At the Center, Chinese students are required to read materials with conflicting points of view and to participate in classroom discussion of the authors' varying opinions. They must state their opinions and debate opposing points of view. Their course papers are comprised of original, graduate-level research. The Chinese students each share a dorm room with an American and participate in bilingual, team-taught courses with their American counterparts, giving them additional exposure to American ways of thinking.

Extracurricular activities at the Center also expose the Chinese students to American ideas, attitudes, and customs. The Center hosts many scholarly lectures, shows numerous contemporary and classic American films, and puts on several American style socials and sporting events. The Center's library, cafeteria, and student lounge are also gathering places for the students to learn more about each other's cultures and systems through informal contact and conversation.

Both sides have invested heavily in the Center and all expect that it will be a long lasting program, providing trained professionals for the U.S.-China relationship. The Center is now gaining visibility, which requires it to secure and solidify its program in order to continue building a reputation that will attract the kind of faculty, student body, and private funding needed to achieve its goal of deepening U.S.-Chinese understanding and effective interaction.

As Johns Hopkins University funding stabilizes at a lower level than in the program's first four years, and private sector support is just beginning to regain momentum after the June 1989 massacre, it is crucial that ASHA assistance continue in the near term. Without ASHA funding, we would expect serious difficulty for the library, American faculty selection, and English language training for the Chinese students. Extracurricular areas of the Center such as conferences, seminars, lectures, internships, and field trips would also suffer.

The current situation in China is further evidence of the need for the Hopkins-Nanjing Center. It is particularly important that some of the brightest young minds in China have -- on their own soil -- a high-caliber American educational experience such as the Center provides. The program's mission has become all the more valuable, as the Center continues to develop as a forum for uncensored information about the American system for the Chinese and for the Americans for a firsthand and in-depth look at contemporary China. The Center enables American values to be presented to these talented young Chinese along with an opportunity for dialogue and interaction with American graduate students and faculty. The product of this partnership will be an indispensable network of jointly trained and uniquely skilled professionals in Sino-American relations.

In closing, let me reiterate my belief that we have in the Johns Hopkins Bologna and Nanjing Centers unique national resources that meet fully the criteria established for the American Schools and Hospitals Abroad Program. Demonstrating American ideals, values, and practices, these Centers provide an exceptional educational opportunity for Americans and citizens of foreign countries.

Moreover, these Centers permit a select group of young Americans to gain the knowledge, cultural understanding, and language skills they will need to improve America's international economic position and foreign affairs competence, generally. Through America's overseas educational institutions, such as the Johns Hopkins Bologna and Nanjing Centers, we also project the voice of freedom and democracy, a fundamental goal of this nation.

While we are stepping up our own fund raising efforts, the American Schools and Hospitals Abroad program remains essential for these Centers. Thus, I hope, Mr. Chairman that as worthy requests for ASHA funding increase, the Committee will continue to support funding of the ASHA program at the $40 million level, even in this financially difficult period. And, I also hope that you will share with me pride in the substantial accomplishments of two recipients of ASHA funding -- The Johns Hopkins University's Bologna and Nanjing Centers.

Thank you very much for the privilege of testifying before you today.

STATEMENT OF SCOTT SKLAR, EXECUTIVE DIRECTOR, U.S. EXPORT COUNCIL FOR RENEWABLE ENERGY

INTRODUCTION

The U.S. Export Council for Renewable Energy (US/ECRE) was formed by the nine national trade associations promoting exports of alcohol fuels, geothermal, hydropower, passive solar, photovoltaics, solar thermal, wind and wood energy technology and services. Our associations of manufacturers, service providers and component suppliers urge the Subcommittee on Foreign Operations to:

> *Direct the US/AID Mission Directors to allocate a percentage of their program resources to assist in training of in-country practitioners, promote development of renewable energy resources and energy conservation in Third World countries.*
>
> *Set aside 5 percent of prior year energy funding of The Department of State Trade and Development Program to be used to finance pre-feasibility and feasibility studies of renewable energy projects.*
>
> *Provide directions accompanying the U.S. contribution to The World Bank and the other multilateral banks to establish renewable energy program set-asides, and report to the U.S. Congress yearly on their funding of renewable energy and energy efficiency.*

The reasons for these requests are quite simple. International development programs have been biased towards large-scale, centralized, conventional energy projects and delivery systems. Increased imports of conventional energy account for an ever increasing indebtedness of the Third World. Energy conservation alone will not meet the growth and expectations of the developing world. Energy production through the intelligent utilization of indigenous renewable resources appears to be the only answer.

Our international competitors have already redirected their development assistance programs to increase the use of renewable energy resources while building their renewable energy industries, in some cases to surpass the United States. The U.S. Agency for International Development published "Renewable Energy Agriculture & Health," which clearly describes a series of cost-effective renewable energy applications — most of which can easily compete today against remote diesel generation and electric grid extension. The development programs of the United States of America must expand these renewable energy applications many- fold to promote real economic growth and curtail profound environmental degradation.

THIRD WORLD RELIANCE

One of the most overwhelming economic issues facing the developing countries is how to best initiate policies to deal with increasing Third World debt. This increasing debt has the potential to undermine our entire world economic system. Yet in the face of this reality, the basic policies of both the U.S. Agency for International Development and the international development banks (which we in-part fund), actively promote increased reliance of fossil fuels and large-scale electrical systems.

The economic arguments for renewable energy development are very clear. Greater use of indigenous energy resources will offset conventional energy imports and decrease debt. Greater use of renewable resources are very labor intensive, and will increase employment. Development of renewable energy resources will increase the rural access to energy, thus stemming urban migration and building rural economies. Use of renewable resources will promote reforestation and decrease the mining of timberland.

US/ECRE commissioned a study in January, 1990, to collect and review information from The World Bank and the Inter-American Development Bank regarding their funding of energy and power projects.

The basis of our request was to review basic funding data to determine the extent of support of conventional energy and power resources compared to the emerging energy technologies. As I have testified before a myriad of Congressional Committees, current international development bank financing practices are biased towards conventional fuels which contribute to greater Third World energy imports and thus greater debt. The report clearly shows funding history from 1980-1988 of both The World Bank and the Inter-American Development Bank. US/ECRE is in the process of commissioning studies on the African and Asian Development Banks which will be published later in 1990. Note that World Bank funding of (non-hydro) renewable energy projects is negligible as shown by the attached chart.

US/ECRE recommends new and innovative financing to promote renewable energy applications. Through the development of "building " techniques to aggregate financing of smaller energy projects and by establishing special financing windows, renewable energy support may be increased significantly. Overwhelming evidence suggests that greater Third World debt may undermine the stability of western economies and continued burning of fossil fuels may dangerously alter world climate. Policies must be implemented to solutions that allow developing countries to lessen their fossil fuel dependency and thus lessen their debt and contributions to global warming. Renewable energy is one appropriate answer and as this report suggests, much needs to be changed at The World Bank and the Inter-American Development Bank to insure greater financing of renewable energy in the near future.

The United States policy ought to be explicit. Development programs supported by the United States government must: 1) Support local resource development, 2) Offset coal, natural gas and petroleum imports and 3) Focus on rural development through renewable energy use and support urban energy development through utility management, energy conservation and model energy privatization programs. Far too much assistance has been given to further conventional energy delivery systems which are notoriously poorly managed and it is time that our country acknowledges this fact.

THE WORLD'S ENVIRONMENT

Many agencies and experts have warned of the profound environmental degradation that has occurred through deforestation and the burning of fossil fuels. While the United States is the primary culprit for world carbon emissions, global deforestation lays at the door of the developing world.

While these two issues are serious, another serious environmental problem is overlooked in the Third World. Due to the lack of emission controls and adequate waste and mining practices, severe health problems are institutionalized through the greater use of coal and fossil plants without environmental control equipment or adequate waste disposal technology. Many cities in the developing world are as bad as the industrialized nations were during our own industrial revolution in the 19th century. The health impacts are too numerous to cite in this testimony.

Deforestation not only contributes to global warming and climate change, but is responsible for desertification and severe flooding of coastal plains. The use of biomass resources to encourage reforestation and the institutionalization of reforestation practices to insure long term energy supply is a sound policy.

Energy conserving technologies such as passive solar architecture or solar hot water heating are essential to displace the need for energy production. The tourist industry uses these technologies as a matter of course throughout the Third World. Now is the time to expand this technical experience to the mainstream of the developing world. Training and access to capital are the only two barriers to expand the use of these new technologies.

Both solar electric (photovoltaics) and wind energy have been proven as cost effective ways to produce electricity for remote applications which include lighting, water pumping/irrigation, refrigeration and communications. Establishment of "bundling" many small applications into large projects for easy financing is critical to move these technologies into rural areas. One of the great environmental problems effecting the developing world is the rural migration to the cities. Only by spurring rural development through greater use of remote power will such trends be stemmed. Greater use of remote irrigation and water pumping can also be one of the answers to deforestation by turning deserts into, again, productive, job creating entities.

The World Bank, USAID, and other multilateral banks appear to be infatuated with large-scale, centralized projects. Most of their funding supports the large-scale use of coal, diesel and even hydropower. Even in our country, the investment community has begun to turn away from very large-scale electric plants to smaller, more modular approaches to electric production. Modular electric plants allow the utility sector to be more responsive to market fluctuations. And quite frankly, if large power plants are not operating to capacity, they aren't very economical.

Most utilities in the Third World are poorly managed, experience great loss of electricity due to "line theft," and as a result are not reliable. Most programs of USAID and the development banks, while acknowledging the problem, still promote the large-scale electric approach. The same could be said of transportation fuels, particularly in sugar producing countries, where ethanol may supplant gasoline as a fleet fuel.

Biomass, geothermal, hydropower and solar thermal technologies produce thousands of megawatts in the United States today. Their use is expanding throughout the world at a rapid rate. Our industrial competitors are promoting these technologies far more aggressively than we are because they sense a lack of resolve to commercialize these applications by the United States. All the renewable energy technologies are more effectively used in smaller applications and fit best in modular production themes.

CURRENT PROGRAMS AND AUTHORITIES

The U.S. congress has been especially sensitive to our industries' needs for export and development assistance. Under P.L. 101-218 recently signed by the President, the Overseas Private Investment Corporation (OPIC) was authorized to resurrect its feasibility program as a way to promote renewables. The Office of Management & Budget has yet to respond to allow OPIC to use its non-appropriated program income ($200,000) for this purpose in FY'90.

In the FY'90 Foreign Operations Appropriations, the Export-Import Bank of the United States (Ex/Im) was directed to set-aside 5 percent of last year's energy funding to finance renewable energy development. Ex/Im is working with US/ECRE to establish a one-stop renewable energy application process for Ex/Im, OPIC, TDP, and AID, thus allowing the U.S. renewable energy industry to receive joint assistance in order to be more competitive in the marketplace through more flexible financing.

In the same FY'90 Foreign Operations Appropriations this Subcommittee requested a $10 million increase in the Science & Technology Directorate's Office of Energy for energy efficiency, renewable energy, and global warming mitigation programs. The Agency has made $5 million available to that office for these three purposes. AID has yet to crystallize their renewable energy program but they have expressed their willingness to work with a US/ECRE industry consortia on technology training and project feasability financing. The Subcommittee, in FY'91, should request an overall $20 million for the S&T Office of Energy in which $5 million should go toward innovative financing development packages, $5 million for training and education in energy efficiency, renewable energy, and global warming mitigation.

In FY'91, the U.S. renewable energy industry needs the Subcommittee to require reports from Ex/Im and US/AID on their progress toward these goals and to establish some practical milestones to measure achievement.

Further, the industry needs some language directed to the Department of State Trade & Development Program (TDP) to parallel the directive to Ex/Im Bank which would require a set-aside goal for renewable energy assistance. Their internal leverage requirements currently are biased against small businesses (which predominate in our industry) and small projects and therefore are not very useful for renewable energy development. Congressional language explicitly directing TDP to consider environmental and renewable energy tied to a set-aside would place the right pressure on TDP to be more forthcoming in this area.

However, large-scale projects have been fostered on the developing world causing wide scale environmental degradation which will have serious health and climate impacts on all the world's peoples. Money is too scarce to be wasted on old views of technology and development. Too many times, the United States attempts to project our view of success through big energy plants or promoting energy schemes that may be unadaptable to a different culture or environment. Renewable resources and energy conservation can easily meet fifty percent of the world's energy needs in an environmentally benign and economically efficient way. We must begin to take advantage of these technological gains as soon as possible.

CONCLUSION

The industrialized countries must begin to set an example to improve Third World indebtedness. The industrialized nations, while establishing policies to curtail their own environmentally degrading practices, must encourage environmentally sensitive development in the Third World.

Sample programs must be established by the U.S. Agency for International Development to promote renewable energy. And while USAID's Energy Office must be maintained at least at the $20 million level, a majority of their activities must be directed towards:

1. Establishment of feasibility and loan guarantee programs for renewable energy development through a TDP 5 percent set-aside.
2. Creation of agressive training programs of USAID Mission Directors and their technical advisors, and of Missions to institute renewable energy programs.

3. *Enhancement of S&T Office of Energy budget to $20 million.*
4. *Announcement by the U.S. representative to the World Bank and other multilateral banks of new requirements for yearly reporting of funding and initiatives to encourage renewable resource and energy conservation practices.*

In addition, the United States Congress should require an extensive reevaluation of our development programs requiring them to be more pragmatic and more supportive of private sector efforts, particularly when they fit the mission of our development agencies. The U.S. renewable energy industries are losing world market share primarily due to unresponsive and inflexible USAID Missions. Policies must be established to turn this around.

If the Third World is to be steered away from following the poor examples of the industrialized world, it is imperative that the United States use our development programs to encourage the utilization of new technologies and programs. Most of the world does not have the kinds of environmental controls we do in the industrialized world. One way to institutionalize environmentally benign growth is through the use of renewable energy technologies. The United States must encourage this kind of long-term development — and it must begin now.

IBRD ENERGY SECTOR LENDING (in millions) -- FISCAL YEARS 1989-90

Country	Description	Power Generation							Oil and	Electric		Total	Total
		Hydro	Geo-ther.	Coal/lignite	Oil/Gas	Diesel el.	Wood	Solar	Gas Dev	X-mission	Admin	IBRD/IDA	Project
Argentina	Yacyreta Hydro	252.0										252.0	2,352.7
Bangladesh	Energy sector reform										175.0	175.0	189.1
Bangladesh	Power distribution									87.0		87.0	121.3
Brazil	Nat Gas distribution								94.0			94.0	285.0
Cape Verde (1)	Power sector efficiency					1.4				1.5		2.9	5.1
Central Afr Republic	M'Bali River project	16.1							0.2	1.1	0.6	18.0	75.7
Djibouti	Geothermal development		9.2									9.2	38.0
Egypt	Power Sector				98.4					62.7	3.9	165.0	721.3
Haiti	Electricity services				21.0					3.0		24.0	30.1
Hungary	Energy resource development								100.0			100.0	680.0
Hungary	Energy conservation										10.0	10.0	see above
India	Sutlej River hydro power	437.0								43.0	5.0	485.0	1,474.6
India	Maharashtra elec power	222.8								171.2	6.0	400.0	1,344.0
India	Petroleum transport								340.0			340.0	1,009.0
Indonesia	Paiton thermal power			339.3						12.7	2.0	354.0	1,117.0
Indonesia	Power sector efficiency	8.0				10.0				292.0	27.0	337.0	597.0
Kenya	Geothermal	40.7										40.7	59.6
Malawi	Energy Resource Development	29.8			1.5		14.3				1.1	46.7	86.0
Mali	Long term energy needs	2.7				4.8				12.6	13.0	33.0	103.2
Mexico	Hydroelectric power	455.0									5.0	460.0	1,440.0
Mozambique (2)	Urban household energy			1.2			3.3	0.3	3.0	7.2	3.1	18.1	50.8
Nepal (3)	Access road to hydro power plant	32.8										32.8	40.0
Nigeria (4)	Refineries rehabilitation								27.7			27.7	439.2
Pakistan (5)	Core energy investment	7.5		0.5	10.0				47.0	57.5	2.5	125.0	4,959.0
Pakistan (6)	Irrigation/elec. transmission									29.0		29.0	50.3
Philippines	Electric power distribution									65.5		65.5	130.0
Thailand	Electricity supply expansion			18.0	72.0							90.0	2,037.0
Tunisia	Petroleum exploration								5.5			5.5	9.0
TOTALS		1,504.4	9.2	359.0	202.8	16.2	17.6	0.3	617.4	846.0	254.1	3,827.0	18,444.9

IBRD LENDING -- FY 1990

		Oil/Gas	Electric X-mission	Admin	Total IBRD/IDA	Total Project
Ghana	5th Power Project		38.4	1.6	40.0	124.8
Nigeria	Power sector maint/rehab.	31.5	31.0	7.4	70.0	154.0

FOOTNOTES (Footnotes explain differences between this table and energy lending figures in IBRD FY1989 Annual Report.)

1 Part of $4.7 million transportation sector loan to improve the efficiency of the transport and power sectors.

2 $3.9 million for stoves, lamps, pots not included in this entry. Total IDA commitment=$22 million.

3 Listed in Annual Report as transportation sector loan, to construct access road from Basanipur to the site of the Arun III hydroelectric power station.

4 Listed in Annual Report as industry sector loan to improve Nigerian National Petroleum Company efficiency, preventive maintenance.

5 $250 million for structural balance of payments adjustment not included in this entry. Total IBRD commitment=$250 million.

6 Part of $34 million agriculture and rural development loan to install tubewells and extend electrification to rural areas.

STATEMENT OF DEAN C. LOMIS, CHAIRMAN, AMERICAN HELLENIC INSTITUTE PUBLIC AFFAIRS COMMITTEE

Mr. Chairman and members of the subcommittee:

I appreciate the opportunity to appear before you today on behalf of the American Hellenic Institute Public Affairs Committee, Inc. and the Order of AHEPA.

This subcommittee's bottom line is money. We all know that money, properly appropriated and spent, can do a lot of good. We know equally well that money provided to the wrong people for the wrong things can cause great harm. We give a lot of money to Turkey. The main point I wish to make is that our money is better spent elsewhere, funding crucial American priorities at home and abroad: education, the drug war, the new democracies in Eastern Europe and Latin America.

As Secretary of State Baker said recently:

> "The investments we now make in fostering democracy and market principles, in promoting peace... and in renewing and re-shaping key relationships around the world--all these are essential investments in our future...they will ensure that the world of the future is one in which our fundamental values continue to flourish."

Money is fungible. The half billion dollars we send to Turkey each year subsidizes Ankara's illegal occupation and colonization of Cyprus.

By subsidizing Turkey's illegal occupation and colonization of Cyprus—we are making a bad investment. That aid actually destabilizes NATO's Southeast region. By making aid to Turkey a sacred cow, we also condone Ankara's violations of the Rule of Law and Turkey's horrendous human rights record.

We oppose as contrary to the national security and foreign policy interests of the United States in the Eastern Mediterranean the administration's recommendation of $598 million in military and economic aid for Turkey.

We support $350 million for Greece and a 1-1 ratio in aid to

Greece and Turkey in recognition of the reality that a military balance must be maintained between these two U.S. allies. We support continuing the $15 million in humanitarian aid for Cyprus as long as the Turkish occupation presence remains, in lieu of the $3 million proposed by the administration.

Aid to Greece and Cyprus must continue at current levels as long as Turkish troops remain on Cyprus and the Turkish Army of the Aegean threatens the Greek islands. During Prime Minister Mitsotakis' visit to Washington, he declared that once the Turkish Cyprus and Aegean threats are eliminated, the U.S. could reduce aid to Greece by as much as it likes. We agree with the Prime Minister's statement.

We also seek the renunciation by Turkey of its illegal claims in the Aegean or the submission of its claims to the International Court of Justice at the Hague.

A New World--A New American Foreign Policy

We are here today as American citizens, to speak for American interests and to ask you to enforce U.S. laws and treaties.

The world has changed radically since we last met and America needs a new foreign policy. New concepts and approaches are needed and all U.S. commitments and relationships must be subject to a critical review, our ties to Turkey not least among them.

Now that the Warsaw Pact has collapsed and the Central Front's importance has diminished, it is no longer appropriate to speak of a Southeast flank of NATO. The Southeast flank concept served to exaggerate Turkey's importance during the Cold War (by emphasizing the importance of states bordering the Soviet Union).

Today one must speak of NATO's southeast region, vital as a lifeline to our Middle East allies. Now Greece's central role is more readily seen and Turkey's role is obviously diminished. Whoever has air and naval bases on the Greek Islands and Cyprus controls the Eastern Mediterranean. Lose Crete, however, and Turkey is outflanked, and our Middle East friends are cut off.

I have one main message today: the solution of the Cyprus problem is the key to stabilizing the Southeast region of NATO and normalizing relations with Greece and Turkey. The, geopolitical jolts of the past year have shaken the myth of Turkey as a vital and reliable ally. Now the Congress can act from a clear view of U.S. interests.

There are powerful moral and strategic imperatives today for congressional action to solve the Cyprus problem:

In terms of Geopolitics:

* The dramatic events of 1989 have reduced Turkey's value to NATO and the U.S. Turkey knows it--I read it in the FBIS reports every day; how can the State and Defense Departments not know it? The Cold War is over, the Warsaw Pact is dead, but the myth of Turkey's value remains to be disposed of.

In terms of a new American Grand Strategy:

* The post Cold-War world will be built on the foundation of the Rule of Law. AHIPAC's efforts in the past 15 years have been based squarely upon the Rule of Law. We are not here to ask you to be nice to Greece and Cyprus and mean to Turkey. We are asking you to be fair to America by enforcing U.S. and international law.

* America's prosperity and security in the emerging global commonwealth will be built on a foundation of the Rule of Law. But we must be credible as we attempt to construct a new world order. When the Congress fights for the Rule of Law on Cyprus, it fights to secure America's future.

In terms of international morality:

- The Berlin Wall has fallen, yet the Green Line remains, dividing the people of Cyprus.
- Apartheid is being dismantled, yet Turkish Cypriot leader Rauf Denktash continues his apartheid policy for Cyprus.
- Democracy and human rights are taking root in Eastern Europe, yet the massive aid we send to Turkey encourages Ankara to continue to violate the human rights of its own people and of the Cypriots.
- the most notorious military occupations in the world have come to an end: Afghanistan, Namibia, Cambodia, Angola have been cleared of foreign troops, yet Turkish troops remain on Cyprus after 16 years.

These are powerful reasons to act, yet the Congress does not. The Turkey myth is largely based on the map fetish of many U.S. officials, the excessive emphasis placed on geography and borders in geopolitical calculations.

I have great respect for the Turkish Myth. It is a powerful one. It survived Turkey's assistance to the USSR during the 1973 Yom Kippur War and her unwillingness to help the U.S. in its efforts to resupply Israel. The myth withstood Turkey's refusal last year to allow the U.S. to inspect a MIG-29 flown to Trabzon air base, and the fulsome praise in the eulogy offered by now-President Ozal to the Ayatollah Khomeini. Turkey's cynical threats and actions during the debate over the Senate's Armenian Genocide resolution should have dented the myth, but it will also survive, in the minds of many, when Turkey permits the Soviet Union to sail the powerful new nuclear aircraft carrier, the Kremlin, through the Dardanelles this year.

U.S. Interests and the Eastern Mediterranean

In addition to the Turkey myth there is also the illusion of calm in the Eastern Mediterranean. That illusion must be dispelled.

Below the surface the situation still boils. Greece and Turkey have been on the brink of war as recently as 1987. The 1987 "Davos Spirit" of reconciliation has run out of gas. Further hostilities on Cyprus, where 35,000 Turkish troops menace the Greek Cypriots every day, could re-ignite the Greek-Turkish powderkeg. And Turkey has made threats in the past several months regarding Western Thrace.

Any opportunity to solve the Cyprus problem should not be missed. Let us be pro-active and not reactive in the Eastern Mediterranean. Had we acted this way in the past, I would not be here today.

Now I wish to distinguish between the Turkish people and the Turkish state. I believe that the most enduring alliances are not between states and their rulers, but between peoples. The Turkey myth has been harmful to America's relationship with the people of Turkey because, in the name of that myth, the U.S. has ignored Turkey's abominable human rights record.

It is U.S. law, and the best kind of law, that:

> "No assistance may be provided under this part to the government of any country which engages in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman, or degrading punishment, prolonged detention without charges..."

The law is section 116 of the Foreign Assistance Act of 1961, as amended.

The State Department's Country Reports on Human Rights Practices for 1989 documents the fact that abuses of this kind continue. The Report describes the imprisonment of a 15 year-old schoolboy for doodling a hammer and sickle in his note book. The New York State Bar Association's Report is even more damning.

The time will come, I know not when, when Turkey will emerge from this transitional period where the military still controls most foreign policy and much domestic policy decisionmaking. The Turkish people will inevitably ask, as the people ask whenever juntas fall: what was the U.S. doing in giving all that military aid while these abuses were occurring?

What happens when the Soviet Union becomes more democratic than Turkey?

Moving finally to Cyprus. The Cyprus problem is not a Greek Turkey dispute, even though it strongly affects Greek-Turkish relations. It is a conflict between an independent state, the Republic of Cyprus, and the power that occupies and colonizes its territory: Turkey. Greece, like Great Britain, is a guarantor of Cyprus' independence, but is not a party to the dispute, and all Greek people seek peace and justice for Cyprus.

The intercommunal talks between Greek and Turkish Cypriots are a necessary but not sufficient condition for the solution of the Cyprus problem. Talks between the Republic of Cyprus and Turkey must take place parallel to the U.N. sponsored talks.

Who is benefitting from Turkey's occupation of Cyprus?

Turkey claims they are there for the good of the Turkish Cypriots. The gap between Greek and Turkish Cypriot living standards has widened since 1974, even though Turkey seized the most valuable and productive land! 30,000 Turkish Cypriots have emigrated. The best land and business opportunities have gone to settler/colonists from Turkey. The Turkish Cypriots resent this! Turkish Cypriot opposition leaders Mustafa Akinci and Ozger Ozgur cry out against these abuses and accuse Mr. Denktash of conspiring to turn Cyprus into a Turkish province.

Mr. Akinici is the mayor of the Turkish Cypriot part of Cyprus's divided capital of Nicosia. For years now he has been working with his Greek Cypriot compatriot and counterpart, Mayor Lellos Demetriades, in joint infrastructure projects. They are living proof that Greek and Turkish Cypriots can work together for the well-being of all Cypriots.

Since 1974, Rauf Denktash, with Turkish bayonets, has prevented Greek and Turkish Cypriots from meeting with each other, both on and off Cyprus. He has been forced to relent a bit and it is now clear why he struggled for so long against such meetings: Greek and Turkish Cypriot journalists, physicians, students, artists, etc. have discovered and re-discovered that they are one people, Cypriots, and that life in a re-unified Cyprus will benefit them all.

One thing is certain: a reunified Cyprus will join the European Community. It won't be long before Turkish Cypriots realize that exclusion from the EC is the price they pay for Denktash's partitionist and apartheid policy.

The Turkish strategy is to prolong the intercommunal talks until re-unification is impossible. All the Cypriot people deserve the chance to create a constitution which will meet their security concerns, protect their rights, and promote the re-establishment of human relations.

It is obviously absurd to divide an island nation of 650,000 people, forcing a duplication of infrastructure and industry. Division cripples Cyprus economically, promoting social and ethnic tension.

Let me also remind this body once more that there are 1614 Greek Cypriots who have been missing since the illegal Turkish invasion of 1974. There are also 5 American citizens who were kidnapped by the Turkish army at the same time 16 years ago. Turkey has been completely indifferent to pleas of family members for news of their loved ones' fate. The U.S. must tell Ankara, now, that if these people were killed by the Turkish army, let their families know this and allow them Christian burials. If they are alive, let them go!

And please stop the destruction and theft of Cyprus's cultural heritage and the heinous desecration of churches. The keys to these problems are not in Denktash's hands, but with his bosses in Ankara.

Let us state some obvious facts: the U.S is the best friend Turkey has got, perhaps even the only one. The EC won't let them in their club as long as Turkey occupies Cyprus and continues its violations of human rights in Turkey, and they may never let them in anyway. The bottom line is that Turkey needs our friendship, our money, and our markets.

But this is not just a money committee: Congress has a conscience. There is a moral bottom line: human rights. Our continued military aid to Turkey enables Ankara to violate the human rights of ALL Cypriots, and gives the signal that we also condone Ankara's violations of human rights against their own Turkish brothers and sisters and those of the 10 million Kurds, in her own territory.

Now that Turkey's value to NATO and the U.S. has declined even further, the Congress can afford to enforce U.S. laws and to defend its principles. It cannot afford to spend money vitally needed elsewhere in a way that encourages the violations of human rights and undermines the Rule of Law.

The UN-sponsored Cyprus talks have been dead since last June. The Secretary General acknowledged that Rauf Denktash caused the most recent breakdown on March 2, 1990. U.N. Secretary General Javier Perez de Cuellar also noted President Vassiliou's good will and commitment to a peaceful solution.

On July 7, 1988, President George Bush stated that:

> "We seek for Cyprus a constitutional democracy based on majority rule, the rule of law, and the protection of minority rights."

For all these reasons we join Congressmen Broomfield and Yatron, who, in their recent letter to House Appropriations Subcommittee on Foreign Operations Chairman Obey, called for deep cuts in U.S. aid to Turkey.

If deep cuts don't work, H.R. 1045, the Bill conditioning all U.S. economic and military aid to Turkey, should be considered. If Denktash's and Ankara's intransigence persists, the Congress should consider sanctions.

In closing I want to add that Greece, for all the misunderstandings of the past few years, remains a steadfast ally. There is in Greece a permanent reservoir of good will and solidarity with the U.S. 90% of all Greeks have a relative in the U.S. (Harry J. Psomiades and Alice Skourby, editors, The Greek American Community in Transition, Pella, 1982.) These are concrete ties that don't exist with any other ally. Disputes and governments come and go, but the NATO alliance, one of the most successful alliances in the history of mankind, endures because of the values, principles and democratic traditions we share.

Thank you, Mr. Chairman and members of the Subcommittee for the opportunity to express to you our views today.

STATEMENT OF THOMAS A. DINE, EXECUTIVE DIRECTOR, AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

Thank you, Chairman Leahy, for the opportunity to submit my testimony before this distinguished Subcommittee on behalf of aid to Israel. The American Israel Public Affairs Committee (AIPAC) appreciates the opportunity to express its views on the proposed Foreign Assistance Act of FY 1991 and the importance to the United States of relations with Israel.

AIPAC is a domestic membership organization of American citizens who value a strong partnership between our country and Israel. On our Executive Committee sit the presidents of the 46 major American Jewish organizations representing more than four-and-a-half million active members throughout the United States, as well as leaders of the pro-Israel community from all 50 states. Thus AIPAC is America's pro-Israel lobby.

Today we are witnessing sweeping changes in Eastern Europe and Latin America that were unthinkable just a few months ago. We rejoice with the peoples of Poland, Hungary, Czechoslovakia, Bulgaria, and East Germany for their new-found freedom and we admire their courage in overthrowing the communist regimes that had oppressed them for more than four decades. We applaud the President for extricating the people of Panama from the tyranny and corruption of a vile drug dealer and we are deeply gratified by the peaceful emergence of democratic governments in Nicaragua, Chile, and Brazil. At the same time, we must bear in mind that the situation in these countries remains fluid and unsettled. As demonstrated by the events unfolding in Lithuania and Romania, the battle for freedom and democracy has not yet been won.

The question, then, is what the United States can do to promote and solidify these countries' transition to democracy. We believe U.S. interests would be well served by joining our allies in Western Europe and Japan in extending and increasing assistance to those countries: Their economies are in shambles and their chances of achieving political stability thus greatly depend on substantial foreign aid. Yet such increased aid must not come at the expense of the present recipients, nations that immeasurably advance our national interest. Shifting aid from those recipients to the newly emergent democracies would not only hurt our established allies but also send the wrong message to friends and foes alike. Clearly, what we need to do is generate additional funds to help the new democracies, not tamper with the current allocations.

Economic and military aid serves our national interest--both at home and abroad. We urge you to support full funding of the Administration's foreign assistance request. We urge you to preserve the Congressional prerogative to earmark. We urge you to vote for $3.0 billion in economic and military aid to Israel.

Despite the welcome changes in Eastern Europe and Latin America, the situation in the Middle East in general and in Israel in particular has remained troubled since I last testified before this Subcommittee on behalf of foreign aid nearly a year ago. Therefore, it is especially important not to lose sight of basic facts. The United States has a particular moral and strategic interest in Israel, the one democracy and our only reliable ally in the Middle East. It is the sole country in the region with meaningful free elections, a robust free press, checks and balances to prevent and correct abuses of authority, extensive protections for the rights of individuals and minorities, basic equality for women, and other safeguards and rights that are typical of a free society yet nonexistent in any other Middle Eastern country. The Israeli Supreme Court is the only independent judiciary in the region that is prepared to listen to the grievances of all citizens, Jews and Arabs alike. And Israel is the only country in that area where every person has the freedom to worship in his or her own way.

Israel thus stands in sharp contrast to other countries of the region, which include feudal monarchies like Saudi Arabia, where power is permanently concentrated in the hands of a few wealthy princes and where average citizens are under constant surveillance by the religious police and internal security forces; dictatorships like Iraq, where the government has murdered thousands of Iraqi Kurds with outlawed poison gas, has killed 10,000 of its own citizens during a recent Army campaign to seek deserters, and has executed a British newspaper reporter whose only crime was to search for truth; or radical fundamentalist regimes like Iran, which terrorizes its minorities, suppresses its middle class, backs terrorist groups holding American hostages in Lebanon, and, until the 1988 cease-fire, routinely sent off young children into battle to serve as live "mine detectors." The combination of extremism and fundamental Islam that Israel confronts each day in the region is best exemplified by the Ayatollah Khomeini's death sentence against author Salman Rushdie--a threat which has received widespread support throughout the Muslim world and which remains in force even after Khomeini's death--because the novelist's views as expressed in fiction were deemed blasphemous.

In public opinion poll after poll for 41 years, when the American people have been asked what is known as the standard question about the Middle East, namely, "in the Middle East situation, are your sympathies more with Israel or more with the Arab nations?," they have resoundingly reaffirmed their sympathy for the Jewish state and their conviction that Israel is a democratic ally whose security and well-being are vitally important to the United States. Even at the height of negative publicity about the intifada, a *Washington Post/ABC News* poll (April 1989) found that support for Israel had reached an all-time high of 69%. Last September, 73% regarded Israel as a friend or close ally of the United States (Martilla & Kiley). And during that same month, when Israel was criticized for failing to consult with the United States before seizing a Lebanese terrorist in an attempt to win the release of American and Israeli hostages in Lebanon, 84% of those polled said ties with Israel should be kept the same or strengthened (*Washington Post/ABC News*). These figures tend to fluctuate with events, but a majority of Americans consistently say they sympathize with Israel. Clearly, Americans do not agree with all policies of the Government of Israel any more than they do with all the policies of our own government. But, a great majority of Americans support Israel's survival and defense and very few would want to tamper with the security assistance which is Israel's vital lifeline. For instance, despite growing concerns about the U.S. budget deficit and other domestic problems, Americans strongly support foreign aid to Israel. According to a New York Times public opinion survey published this month, by a margin of two-to-one, 61% of the respondents say that U.S. aid to Israel should increase or remain the same. That is an increase from April 1988, when a Los Angeles Times poll recorded support for aid to Israel at 55%.

Indeed, the absolute amount of our aid to Israel is substantial. But it is comparatively one of the most cost-effective investments that the United States makes in support of its common interests. U.S. expenditures in support of our European allies in NATO, for example, are more than 40 times the size of our aid to Israel. And we get a good return on our money to Israel--more than 80% of which flows back to the United States each year.

Mr. Chairman, the deep, broad-based partnership between the United States and Israel continues to flourish. A new era is dawning that holds great promise for both countries and bodes well for the future of U.S.- Israel relations. The relationship between the United States and Israel is steadfast and strong. And this Subcommittee, by voting for $3 billion in military and economic assistance to Israel in FY 1991, will be helping to ensure that steadfastness and strength.

Partners for Peace

First and foremost, Mr. Chairman, the United States and Israel are partners in launching a peace process. In March, we celebrated 11 years of peace between Israel and Egypt, a peace midwifed by the United States. Indeed, the viability of that historic achievement was vividly demonstrated by last year's relinquishment by Israel to Egypt of Taba in accordance with the decision arrived at by an international arbitration panel--a mechanism provided for in the U.S.-brokered treaty. Israel proved once again that it lives up to its commitments. Moreover, the legacy of that period of intense negotiations is illustrated by the ongoing tireless efforts of the United States, Israel, and Egypt toward advancing peace in the area.

In May 1989, when Israel introduced its bold peace initiative, it took an extremely serious risk. Despite the acquisition by hostile Arab states of tens of billions of dollars worth of modern arms, including chemical weapons and the means of producing nuclear arms as well as missiles capable of delivering them to Israeli targets; in the face of relentless Palestinian violence in the territories and Palestinian terrorist attacks on Israeli civilians; and in spite of uncertainty with regard to U.S. intentions, the Israeli government proposed a comprehensive peace plan to address not only the problems in the territories but also the overall conflict with the Arab states. This plan, which was fully endorsed by the Knesset, is a major substantive proposal for advancing the peace process.

One important component of the plan is democratic elections to be held in the West Bank and Gaza. These elections would empower legitimately elected Palestinians to negotiate with Israel first over interim arrangements in the territories, followed by negotiations for a permanent settlement. This potential emergence of democracy in a part of the world where, outside of Israel, none exists, is a revolutionary concept. As Secretary of State Baker said last March, "In the Arab-Israeli conflict, we see elections in the occupied territories as a catalyst to bring about a constructive Israeli-Palestinian dialogue which could lead to the peace both peoples so badly need."

Less well known are the other components outlined in the comprehensive Israeli peace initiative. They include: steps to ensure the continuing viability of the Egypt-Israel peace treaty; confidence-building measures on the part of the Arab states to contribute to resolving the underlying problems of the Arab-Israeli conflict; and concrete measures to alleviate the persistent, tragic problem of the Palestinian refugees.

Since Israel's introduction of the peace plan, there have been many ideas proposed to help further the peace process. Egyptian President Mubarak introduced his ten points last summer. Soon after, U.S. Secretary of State Baker outlined a five-point framework to help bring the Israeli plan to fruition; the fifth point calls for the convening of a tripartite meeting among the foreign ministers of Israel, Egypt, and the United States. The role of the United States, acting as an honest broker in these negotiations, remains crucial to the success of the peace process.

The new Israeli government is committed to advancing the peace process based on Israel's forthcoming initiative of May 1989. Its basic guidelines state: "The government will place the desire for peace at the top of its agenda and will act for the continuation of the peace process along the lines of the Framework for Peace in the Middle East, agreed upon at Camp David, and of its peace initiative of May 15, 1989, in its entirety." And Prime Minister Yitzhak Shamir said in an interview with the Egyptian newspaper Mayo on June 19, "Our policy is to conduct peace talks with all the neighboring countries, and with elected representatives of the residents of the West Bank and the Gaza Strip. If Syria's President wants to come to Israel and talk to us with no prior conditions, we shall meet him and welcome him."

In the 6 weeks since it was sworn into office, the new Israeli government has taken a number of major concrete steps to demonstrate Israel's commitment to the peace process: Prime Minister Shamir invited the UN Secretary-General to send a senior aide on an investigative mission to Israel and the territories in the framework of a trip to the region; Assistant Secretary-General Jean-Claude Aime visited Israel from June 26 to July 2 and has subsequently submitted is report to Secretary-General de Cuellar. Defense Minister Arens authorized the reopening of the El-Bireh and Abu-Diss campuses of Al-Quds University in the West Bank despite the dismal record of all West Bank universities as centers of violence; Defense Minister Arens stated on June 17 that "if [Israel] sees that the reopening of the universities does not bring about an increase in violence, it is reasonable to expect that they will all be reopened." Indeed, more campuses are scheduled to be reopened over the next several weeks. Mr. Arens also announced his intention to meet with Palestinian leaders in the territories to increase mutual understanding and promote the peace process, and, in fact, has conducted a series of meetings with such leaders. Furthermore, 416 Palestinian prisoners were released for the Muslim Eid El-Adha holiday. And Housing Minister Sharon announced that the Israelis "do not direct and... do not send any Russian immigrants... to Samaria, to Judea, to Gaza, because [they] understand the seriousness of the situation. [Israel's] efforts in resettling immigrants are directed at this side of the Green Line." I can attest from the meetings I held in Israel just a few days ago with all of that country's major leaders that the Israeli government is eager to cooperate with the Administration in promoting the peace process and to enter into direct peace negotiations with Palestinian representatives from the territories and with the leaders of all Arab states.

Unfortunately, recent public statements by high-level Administration officials demonstrate a level of impatience and public pique with Israel which only can have unintended negative results. It almost seems as if such public statements have been meant to serve as the continuation of diplomacy by other means. That was particularly the case with regard to Secretary of State Baker's public message to the new Israeli government--barely 24 hours after it was installed--"when you are serious about peace, call us." We are gratified that since that time, the Administration seems to have realized the futility of such negative approach and has made efforts to resume the political dialogue with the new Israeli government.

The issues still outstanding prior to the inauguration of peace negotiations are delicate and difficult. The intense deliberations over the modalities of the peace process reflected the potential impact of each detail on Israel's future security. So hard is it to grapple with these issues, that the National Unity Government dissolved over disagreements on how to proceed with negotiations. Yet the new Israeli government has reaffirmed its commitment to the continuation of the peace process on the basis of the May 1989 Israeli peace initiative. Despite the initial recriminations, we look forward to the resumption of U.S.-Israeli coordination and cooperation in the furtherance of the peace process.

Jerusalem

The people and both major parties of Israel are entirely united on one vital issue: their conviction that Jerusalem is and will remain the undivided capital of the Jewish state, as it has been for more that four decades.

Jerusalem is the embodiment of Jewish history, the heart and soul of the Jewish people. For three thousand years, Jerusalem has been the focus of Jewish national and religious yearning. For more than 40 years, the offices of Israel's President and Prime Minister, the Knesset, and most government ministries have been located in Jerusalem.

Under Jordanian control, Israeli Jews, Christians, and Moslems were denied access to their holiest shrines. By way of contrast, Israel has allowed each religious authority to oversee its own holy places.

Unfortunately, last March the Administration stated a position that is unacceptable to any Israeli government--Likud, Labor, or National Unity. By objecting to Jewish "settlements" in East Jerusalem, President Bush abruptly seemed to signal a major shift in U.S. policy: He declared U.S. opposition to Jews living in East Jerusalem--no previous administration has opposed Jewish housing in the Old City's Jewish Quarter; he drew a distinction between East Jerusalem and West Jerusalem, despite longstanding U.S. policy that Jerusalem should remain undivided; and, he linked East Jerusalem to the West Bank, failing to acknowledge Jerusalem's special status.

Jerusalem is the most difficult issue in the Arab-Israeli conflict and one that previous administrations wisely left for last. By raising the issue, the Administration created doubts about the U.S. credibility at a sensitive time in the peace process, setting back the Administration's own efforts to initiate an Israel-Palestinian dialogue on Israel's election proposal.

Moreover, the statement on Jerusalem hardly encouraged the Arab states to change their belligerent stance toward Israel and enter into peace negotiations. As the Senate and the House stated in an overwhelmingly adopted resolution earlier in the year, "ambiguous statements by the Government of the United States concerning the right of Jews to live in all parts of the city... inhibit and complicate the search for a lasting peace in the region." And as the resolution further declares, "Jerusalem is and should remain the capital of the State of Israel" and "must remain an undivided city in which the rights of every ethnic and religious group are protected." We hope Secretary of State Baker's more recent formulation, according to which "Jews and others can live where they want, East or West, and the city must remain undivided," represented an authoritative statement of current U.S. policy.

Situation in the Territories

The two governments are agreed on the need for easing tensions between Israelis and Palestinians and for direct negotiations between Israel, the Palestinian Arabs in the West Bank and Gaza, and the Arab states on the basis of U.N. Security Council Resolutions 242 and 338. Both governments are in fundamental accord on the absolute necessity for a long-term transitional period to precede any final settlement.

The ongoing violence in the West Bank and Gaza lends added urgency to the search for peace. PLO leader Arafat sent a clear message to Israeli leaders last March: "We will fight you with stones, with rifles and with al-Abed" (a reference to the space rocket al-Abbas launched by Iraq last December). For over two years, the uprising leadership, in conjunction with PLO headquarters in Tunis, has consistently called in its manifestos to the local population for violence in the form of throwing rocks, hurling Molotov cocktails, wielding knives, and committing arson against the "Zionist enemy." Since the introduction of the Israeli peace initiative in 1989, incidents of violence against Israeli civilians and soldiers almost doubled; from over 21,000 in 1988 to over 41,000 in 1989, averaging 110 per day in 1989.

As a democratic state in a hostile environment with enemies on three of its four borders and an antagonistic population under its control, Israel has groped for the most humane methods to contain mob violence. The Israeli Defense Forces are required to operate under some of the strictest rules of engagement of any nation in defending against attacks by Palestinian Arabs who are bound by no guidelines other than the calls by the Unified National Leadership of the Intifada to use "all available means" against the Israelis. In 1989 alone, according to the IDF, Israeli civilians and soldiers suffered almost 1300 injuries from attacks with knives, Molotov cocktails, explosives, axes, guns, acid, and automobiles, as well as rocks. The intifada has been costly for Israel, and Israel's handling of the intifada has been the focus of extraordinary media coverage sparking extensive criticism. To be sure, there have been flaws in Israel's intifada management. Israelis have been the first to point them out. But, as Israel's political and military leaders have repeatedly indicated, the bottom line is that the problem requires a political solution. As Prime Minister Shamir declared in April 1989 at the White House, "Our two governments are agreed that the status quo is not desirable and not satisfactory. None of us wants to see it continued." Indeed, since his inauguration last month as Israel's new defense minister, Moshe Arens has conducted a series of meetings with Palestinian leaders in the territories in an effort to reduce tensions and promote negotiations.

The PLO has attempted to sabotage the peace process by ordering an escalation of the intifada and directing its death squads to assassinate Palestinians advocating a political accommodation with israel. As a matter of fact, on January 1, 1989, Yasir Arafat personally threatened the life of Bethlehem Mayor Elias Freij for proposing a truce in the territories and said, "I will give him ten bullets in the chest." He later admitted to giving the internal Unified Leadership the "powers of commander-in-chief to sign execution decisions." According to the State Department, the number of Palestinians murdered by Palestinians increased from 13 in 1988 to 128 in 1989. This number is today well over 200. Last April masked Palestinian terrorists brutally murdered a young Palestinian UN worker in a West Bank refugee camp and wounded six of his relatives. Continuing a trend that had been evident for some time, during the month of June, the number of Palestinians residents of the territories murdered by other Palestinians, 12, was greater than the number, eight, killed by Israeli security forces.

To advance the peace process requires confidence-building, not confidence-eroding, measures on both sides. This was the logic behind the series of tangible measures to improve the quality of life for the inhabitants of the West Bank and Gaza on which the U.S. and Israeli governments cooperated closely since 1983. These measures, which had originally been coupled with King Hussein's ambitious West Bank development plan, were directed toward nurturing a stable Palestinian leadership in the territories with a stake in coexistence with Israel and Jordan. Such projects could become an integral part of future transitional arrangements in the territories in the peace process. AIPAC strongly supports increased U.S. funding for such measures and calls upon our European allies and Japan to contribute substantially as well.

PLO Violations of Commitments

In evaluating the actions of the PLO, and consequently the role of the U.S-PLO dialogue in facilitating a peace process and U.S. anti-terrorism efforts, it is important to look at the standards spelled out by the United States government. As then President Reagan said at the outset, "The PLO must live up to its statements. In particular, it must demonstrate that its renunciation of terrorism is pervasive and permanent." As the highly commendable legislation "PLO Commitments Compliance Act of 1989" passed by this Congress states, "any dialogue with the PLO [must] be contingent upon the PLO's recognition of Israel's right to exist, its acceptance of U.N. Security Council Resolutions 242 and 338, and its abstention from and renunciation of all acts of terrorism." The first periodic report issued on March 19 by the State Department in accordance with the legislation was intended by Congress to promote the U.S. policy objectives of preventing PLO terrorism and furthering the peace process. Unfortunately, by accentuating some positive aspects of the PLO's conduct while omitting and ignoring acts and statements inconsistent with Arafat's pledges, the report clearly failed to achieve its stated purpose. The PLO, despite Arafat's December 1988 commitments, has continued to engage in acts of terror and to undermine the peace process.

A tragedy was narrowly averted on May 30 when Israeli security forces foiled an attack by sixteen Libyan-trained, Iraqi-supported PLO terrorists. The terrorists, members of the Palestine Liberation Front (PLF) unit of the PLO, had intended to attack "hotel row," an area of Tel Aviv packed with tourists and Israeli civilians, as well as the U.S. Embassy. Had they succeeded, the results would have been catastrophic. The PLF attack constituted a clear-cut violation of Arafat's commitment to abandon terrorism, a condition of the U.S.-PLO dialogue. Under the terms by which the U.S.-PLO dialogue began, the dialogue could not continue unless the act of Abul Abbas was condemned, and Abbas expelled from the PLF.

Recognizing that the PLF act constituted "sheer terrorism," President Bush decided to suspend the U.S.-PLO dialogue. This bold decision illustrates the Administration's continued commitment to thwarting international terrorism. The United States and Israel must continue to work together to fight terrorist acts that endanger lives, threaten regional stability, and undermine the peace process.

Even prior to the PLO raid on the Tel-Aviv beach, there had been at least 21 attempted cross-border attacks and two rocket attacks by Fatah and Fatah-aligned factions of the PLO since December 1988, including a December 5, 1989 Fatah attempt across the Egyptian border. Arafat's Number Two and chief of his security apparatus, Salah Khalaf (Abu Iyad), recently declared, "The PLO now has no alternative but to escalate armed struggle...." The new political program of Arafat's Fatah also called last August for "escalation of armed struggle" against "the barbarous Zionist entity." The State Department itself at the time commented, "The political program issued by Fatah raises questions about Fatah's commitment to accommodation, understanding, and peace." Furthermore, Arafat's personal representative to the U.S.-PLO talks, Yasir Abd Rabbo, is the Number Two man at the DFLP, an organization which is responsible for at least seven acts of terrorism since December 1988, including an attempt to attack the northern Israeli town of Zarit on March 17, 1990. The DFLP terrorists were armed with Kalashnikov rifles, LAW rocket launchers and hand grenades.

In contravention to the PLO Commitments Compliance Act, Arafat's personal crack terror unit, Force 17, has been reorganized under the leadership of Abu Iyad, with Hakam Balawi as his deputy. Abu Iyad played a central role in assembling the Fatah terror network and was a leader of Black September, an arm of Fatah responsible for the deaths of many Americans, including the March 1973 assassination of Cleo Noel, U.S. ambassador to the Sudan. Balawi is an Arafat hand-picked delegate to the U.S.-PLO dialogue in Tunis. Thus, far from being disbanded, Force 17 is accorded added stature.

Moreover, Abu Iyad condoned, not condemned the February terrorist attack on Israeli tourists in Egypt, which killed nine people: "If the Israeli mentality maintains this degree of obstinacy they must expect similar operations in the future." Last July, after a Gazan forced an Israeli civilian bus over a cliff, killing 16, Arafat reacted, "I can offer no guarantee whatsoever that our people will not escalate things and use weapons to defend themselves."

And the PLO continues to enunciate its "strategy of stages," first formulated by the PNC in 1974, to destroy Israel step by step. PLO "Foreign Minister" Farruq Qaddumi stated, "Regaining part of our territory will not make us forget the Palestinian land. We shall pitch our tent as far as our bullet reaches. The Palestinian people will pitch their tent as a main base, and then the Palestinian people will study what the next stage will be." Indeed, within days of Arafat's Geneva pledge to recognize Israel, Salah Khalaf stated, "There is no alternative to defending [Arafat's] political communique through powerful armed activity--the armed struggle will not stand out from among the pages of the communique, but will escalate and grow...at first, a small state, and with Allah's will, it will be made large and expand to the east, west, north, and south...I am interested in the liberation of Palestine step by step."

On the political front, Arafat's anti-Israel diplomatic offensive continues. I commend this Subcommittee for the leadership role it has taken in passing legislation which makes it clear that the United States will not tolerate the PLO's subversion of the United Nations. At the UN General Assembly last October, Arafat endorsed the Arab-sponsored resolution calling for the expulsion of Israel from the General Assembly. In October 1989, Arafat warned Japan against increased economic ties with the Jewish state, threatening, "It is not necessary for you to think of our interests. Think of your own interests."

Most reprehensible is the PLO's declaration of Jewish emigration from the Soviet Union an "act of war." Arafat and his top aides are not only threatening the safety of the emigrating Soviet Jews, but also are employing pressure on the Soviet government to halt the emigration. Arafat personally asked the Kremlin to prohibit "direct maritime or air transport" of Soviet Jews to Israel, thus denying Israel its sovereign right to accept Jewish immigrants from anywhere in the world.

The PLO opposes Jewish immigration because it reinforces the permanency of the Jewish state. As Salah Khalaf stated, "The number of Jewish immigrants could be anywhere between 600,000 to one million persons in the next five years; that is, the same number as when the Jewish state was established--Israel's population in 1948 was 650,000. Thus the number coming to the region will be greater than the original number of people who created Israel. Here lies the danger. This is the danger which the Arab nation should understand and confront."

Arab Governments' Harmful Policies

As President Bush eloquently stated during Shamir's visit a year ago, "no political process can succeed in a political vacuum....The Palestinians, the Arab states and other interested parties must demonstrate that they too are willing to make peace a reality." Israel's neighbors--the Palestinians in the territories and the surrounding Arab states--must, as Egypt did years ago, demonstrate their commitment to live in peace with the Jewish state.

In October 1989, however, all Arab states except Egypt voted to expel Israel from the United Nations. The Arab boycott of Israel, led by Saudi Arabia and Kuwait, continues unabated. All of the Arab states are currently exerting intense diplomatic efforts to halt Soviet Jewish emigration to Israel. And it was only two months ago that the Syrian General Mustafa Tlas, deputy armed-forces commander, defense minister and deputy prime minister, stated, "Assad alone has an outlook for the future; that is, the conflict between the Arab nation and Zionism is over existence, not borders."

The Arab states continue to campaign not only against Israel, but against the United States as well. Just last May, the Arab leaders participating in the Baghdad summit viciously attacked U.S. efforts to promote Middle East peace. The summit leaders rallied behind Iraq's radical leader Saddam Hussein, supporting his call to "scorch half of Israel." U.S. efforts to moderate the Arab leaders' summit rhetoric and persuade them to endorse the concept of peace with Israel were met with hostility and scorn. The Iraqi-led Arab response attacked the United States in a harsh communique. Libyan leader Moammar Qaddafi's subsequent threat to "make Israel a graveyard for Jews" was met with warm applause. And even more recently, a meeting of Arab foreign ministers in Tunis expressed support for Arafat's refusal to punish Abul Abbas for his terrorist attack and announced the extension of the Arab boycott to all commercial enterprises involved in the transportation of Soviet Jews to Israel.

To advance the peace process requires a commitment to avoid the pitfalls of "evenhandedness"--ascribing a strategic and moral equivalence between our ally, Israel , and the PLO, which has until recently been our sworn enemy. It also means avoiding public confrontations as well as surprises--and rejecting the "Syndrome of Exaggeration", i.e., allowing exaggerated media reports of strains in U.S.-Israel relations to overwhelm the reality of close, multifaceted ties between the two countries in the perception of the American public and government. As a senior U.S. official has recently asked me, "Why do we spend 90 percent of our time focusing on the 10 percent of issues on which we disagree, and so little attention is given to the positive about the relationship?"

Furthermore, Public pressure on Israel is counterproductive to the peace process. It undermines confidence and creates nervousness in Israel about the U.S. commitment. The Administration has taken a series of steps that have contributed to an erosion in the perceived trustworthiness of the United States, including statements that would have the effect of holding Soviet Jews hostage to the issue of settlements, and the angry public criticism of the new Israeli government just one day after its formation. We are nonetheless confident that the Bush Administration, with the backing of Congress, and the new Government of Israel will continue to work together in vigorous pursuit of Middle East peace: Indeed, in early July, President Bush's message to Prime Minister Shamir and Secretary of State Baker's letter to Foreign Minister Levy both indicated a willingness to resume the political dialogue with Israel. The two Israeli leaders sent responsive letters in return, and Mr. Levy will come to Washington on August 9th or 10th.

Strategic Partners

To achieve peace and maintain it requires strength, particularly in the Middle East where the forces of radicalism must be deterred. As Secretary of Defense Richard Cheney declared recently, referring to Israel, "...no country can be expected to take risks for peace unless it feels secure." The United States and Israel are strategic partners in the pursuit of regional security. Both countries have strengthened and enhanced each other's military posture.

In 1987, Israel was declared a Major Non-NATO Ally of the United States. That was a major step forward in the strategic relationship between the two nations. It will continue to enable them to expand the scope of strategic cooperation. This is not an area of special benefits, grants or loans. Rather, it is a logical extension of the alliance that has blossomed since November 1983 when the United States and Israel enunciated the policy of expanding strategic cooperation, particularly joint military planning and exercises, to meet threats to mutual interests in the Middle East and the eastern Mediterranean.

On April 21, 1988, the United States and Israel signed an historic Memorandum of Agreement (MOA) institutionalizing the strategic cooperation agreements of the previous five years. The MOA serves as a fundamental building block in our strategic partnership with Israel, which has been broad and wide ranging. In the words of former Defense Secretary Frank Carlucci during his visit to Israel last November, military relations between the United States and Israel "could not be better." This was reiterated by another Pentagon official who said, "...together we have achieved more in the last eight years to evolve [the] spirit of cooperation than at any other period in the history of our relationship."

The breathtaking transformations that have taken place in Europe and the Soviet Union over the past year will have profound ramifications throughout the rest of the world, not least in the Middle East. How will these changes affect the U.S.-Israel strategic relationship which has blossomed and matured during the 1980s? It is our view that this new era holds great promise for both countries.

Critics have argued that since the basis for U.S.-Israel strategic cooperation was the conviction that Israel could play a significant role in deterring Soviet aggression in the Middle East, the new era of reduced tensions obviates that function. It is a mistake, however, to view the bilateral strategic relationship strictly through a cold-war lens, thus erroneously devaluating Israel's role in the era of glasnost. Regardless of any Soviet threat, the United States needs stable allies, and Israel is such an ally.

In any event, Soviet military forces capable of hostile action in the region are still formidable, and it is by capabilities, not perceived intentions, that we must assess the Soviets. As one of the most powerful littoral states, Israel helps defend the Mediterranean and protect the southern flank of NATO against all threats. Israel has a strong moral and security interest in cooperating with American forces in the eastern Mediterranean. At a time when other allies are showing increasing reluctance to host U.S. military bases, it is reassuring that Israel has shown a willingness to make its military facilities available to the United States. It is likely that as the arms balance in Europe shifts, Israel will grow in importance as U.S. security interests in the region begin to depend increasingly on its Mediterranean naval presence and non-European sites are sought for the possible redeployment and storage of U.S. equipment withdrawn from Western Europe.

Israel's strategic value is not limited to protecting American interests vis-a-vis the Soviet Union. It has a role to play in helping the United States confront other threats in the Middle East. Radical outlaw states such as Libya and the continued spread of Islamic fundamentalism both present dangers to common national interests of America and Israel. And at a time when the United States is again becoming increasingly dependent on the Middle East for oil, Israel can make a contribution to American energy security by promoting regional stability.

During the past year, the Bush Administration has proved that it is fully committed to the continuation and enhancement of strategic cooperation with Israel. Despite the fast-paced changes in Europe, it seems certain that Washington's regard for Israel's importance to U.S. security interests in the Mediterranean will remain undiminished.

In 1989, the fundamental elements of strategic cooperation were expanded. The U.S.-Israeli Joint Political-Military Group (JPMG) met twice, in Israel and Omaha, Nebraska, to discuss a variety of issues concerning bilateral cooperation. In April, the JPMG met in Eilat, Israel. Major developments took place in the areas of equipment prepositioning, joint exercises, and intelligence cooperation. In October, an agreement was reached to stockpile $100 million worth of dual-use military supplies in Israel. This materiel would be available for use by the IDF during crisis situations. U.S. Marine Corps exercises in Israel, initiated in 1988 with small units, grew to battalion-size training maneuvers in the spring of last year. When a Syrian pilot recently defected to Israel with his late-model MiG-23 fighter, American military and intelligence experts were allowed to scrutinize the aircraft. Port visits by U.S. Navy ships to Haifa for repairs and shore leave continued to grow. This could be enhanced to include home-porting of some warships of the U.S. Sixth Fleet in Haifa.

Israel has participated in joint naval exercises with the Sixth Fleet designed to strengthen U.S. antisubmarine warfare capabilities in the eastern part of the Mediterranean. Joint exercises help both nations. In particular, they help the United States better prepare for conflicts outside of Europe. Israel continues to provide access to its ports for regular ship visits by the Sixth Fleet. Indeed, when the President ordered a naval task force to the Persian Gulf in 1987, elements of that fleet, led by the carrier USS John F. Kennedy, called on the port at Haifa. U.S. naval operations in the Gulf have been greatly assisted by use of the Israeli-made "Pioneer" remotely-piloted vehicle deployed on the battleship U.S.S. Iowa. This pilotless drone has proved instrumental in conducting reconnaissance and surveillance, and has been described as a "tremendous success" by the Navy.

Israel makes facilities available for the storage and maintenance of U.S. materiel for American use in a conflict. It provides Kfir aircraft at no charge to the U.S. Marines' Aggressor Squadron to help train American fighter pilots. It has provided access to bombing ranges in the Negev desert for training exercises for U.S. Navy and Air Force fighter pilots. It has engaged in military training exchanges with the U.S. Marines. Access to such training areas by U.S. armed forces is of tremendous benefit, given the limited space and public displeasure expressed regarding exercises in Western Europe. It has staged joint military exercises with American special anti-terrorist forces. These cooperative military efforts have proved mutually beneficial and will be continued and expanded as the overall strategic relationship continues to grow.

One new area of potential cooperation is in the war against drugs. Israel has an outstanding record of securing its borders against terrorist infiltration. Much of this expertise along with the technology associated with it is applicable to the daunting task of drug interdiction.

Israel has entered into formal arrangements to provide access to its sophisticated hospital facilities for U.S. military casualties in a conflict. These facilities have already been used to treat U.S. personnel injured in the bombing of the U.S. Embassy Annex in east Beirut in 1983 and on several other occasions.

Israel has shared with the United States the lessons of its combat experience in Lebanon, where Israel successfully used American equipment against Soviet weapons. It has undertaken joint research and development projects with the Pentagon to build on the technological expertise acquired from decades of conflict. In December 1987, Secretary of Defense Frank Carlucci and Defense Minister Rabin signed a Memorandum of Understanding enhancing Israel's ability to participate in joint defense R & D efforts with the U.S. The Army, Navy, Air Force and Marines continue to express high interest in testing and procurement of Israeli defense systems. Indeed, Israeli technology accounted for over half of the funds in FY 88 for evaluation of items from Major Non-NATO Allies.

Israel's cooperative research in strategic defense contributes to the common need to develop a defense against rapidly proliferating missiles. Israel is also one of only a few countries to sign a Memorandum of Understanding (MOU) on mutual threat and the benefits of cooperation and shared technology and continues to participate in this effort. Specifically, Israeli technology will be key to the successful development and deployment of an Anti Tactical Ballistic Missile (ATBM) system. A $158 million agreement on co-development of the Arrow interceptor missile was finalized in July 1988, and it will be ready for testing this summer. ATBM has become an increasingly vital priority for the U.S. as Third World nations such as Iraq continue to develop missiles with ever-increasing range and accuracy. An important step toward the realization of an ATBM defense for Israel was recently taken when Defense Secretary Cheney met with Israeli Defense Minister Arens and made a commitment to U.S. support for the second phase of the Arrow program. At present, it is vital that a new MOA be concluded to cover the next phase of the Arrow program so that deployment by the mid-1990s will not be delayed.

The United States military has continued to expand its purchases of sophisticated Israeli defense technology. Among the estimated $300 million in contracts in 1988 were major agreements on new mortars and communications systems for the U.S. Army. The figure for 1989 was even higher, roughly $350 million. U.S. military procurement of Israeli defense products increased, with almost $1 billion worth of equipment in the pipeline in 1989. As the Pentagon budget continues to shrink in coming years, with less money available for research and development, buying proven high-tech Israeli systems "off the shelf" is likely to become increasingly attractive. This is largely a function of Israel's streamlined research and development system. It takes an average of three to four years to field a new weapon system in Israel, whereas it may take a decade before an American design enters service. As U.S. defense industries face a shrinking market for their goods, they would be well-advised to consider joint ventures with Israeli firms.

Diplomatic and Trade Partners

Israel's role as an ally of the United States, however, goes well beyond the confines of military cooperation in the Middle East.

At the United Nations, Israel in 1989 voted with the United States on 87.5 percent of the General Assembly resolutions introduced in the 43rd session, the highest rate of cooperation of any country in the world, higher even than Great Britain's or Canada's. This contrasts with 32.4 percent for Turkey, and 32.9 percent for Greece--America's NATO allies in the eastern Mediterranean. It also contrasts with 11.3 percent for Egypt, 11.4 percent for Saudi Arabia, and 11.1 percent for Jordan--and the Soviet Union's 9.5 percent record.

In the information arena, Israel agreed several years ago to an American request to proceed with plans to install a Voice of America transmitter in the Negev desert to enhance American broadcasts to Soviet Central Asia, Afghanistan, and Eastern Europe--even at the risk of adversely affecting the situation of Soviet Jews. By contrast, two of America's NATO allies, Greece and Turkey, refused to host the VOA transmitter because of their unwillingness to endanger their relations with Moscow. Reportedly, Oman also turned down an American request.

Moreover, at a time when American exports face protectionist trade barriers around the world--when even our closest allies refuse to eliminate unfair trade practices, and indeed are erecting new barriers to American products--the historic U.S.-Israel Free Trade Agreement continues its phased implementation. A major step was taken in 1989, when Israel eliminated a host of tariffs in order to put American goods on equal footing with those from Europe. The success of this unprecedented agreement paved the way for a similar agreement between the U.S. and Canada.

At the end of the day, American exporters want to know if the Free Trade Area has led to a growth in trade. Since its signing in 1985, commercial U.S. exports to Israel have increased by over 40 percent. This means more sales, and profits, for American business. In fact, Israel is second only to Canada in terms of per-capita imports of U.S. products.

And so, Mr. Chairman, in the peace process, in strategic cooperation, in the diplomatic arena, and on the trade front, Israel is today one of our foremost partners in the world, working with the United States toward regional and global security.

Partners in Strengthening Israel's Economy

Israel and the United States have also cooperated in other bold initiatives over the past several years. Working together, they have successfully undertaken to rescue Israel's economy from the severe distress it was suffering just a short while ago.

Over the past three years, Israel has demonstrated how U.S. foreign assistance, in combination with strong and well-conceived corrective measures in the economy, can turn economic distress into an opportunity for recovery. Israel's recovery program has included some of the toughest austerity measures ever imposed by a democracy. The Congress, the people and the President of the United States were partners in this process, because a critical ingredient has been U.S. economic assistance. U.S. aid was the decisive safety net required to undertake such a bold initiative. In 1989, the Wall Street Journal called Israel's stabilization program a "mini-miracle."

Today, Israel is striving to go beyond stabilization, to undertake the underlying structural changes required for sustained economic growth. The government continues to slash subsidies of public transportation and basic food products such as milk, bread and eggs. Such cuts are painful, and cause upward inflationary pressure in the short term. Moreover, the health and education budgets constricted once again. Also, in 1989 Israel lifted price controls on some 20 additional product categories. Within Israel there is broad consensus on the need for such difficult measures.

The Finance Ministry has also found it necessary to authorize limited and calculated devaluations of the shekel. This is part of an effort to maintain the competitiveness of Israeli industry in the international market place.

Capital market reform is now progressing at an unprecedented pace. Israel continues to move down the long road of privatizing government-owned companies. In 1988 the Israeli government asked a major U.S. financial institution, the First Boston Corporation, to develop a strategy to achieve this goal. In 1989, the government began executing the prescribed approach. It sold off the Paz Oil Company, and the Jerusalem Economic Corporation, as it will soon do with the Israel Chemicals, Ltd. It is also looking for a buyer for Bezek, the national telephone company, and to liquidate government shares in the nation's major banks.

All of these measures are bold steps, as they all entail some disruption in the economy. Israel has long embraced the concept of full employment. Yet today unemployment is over 9 percent. By addressing the economy's underlying problems rather than taking more expedient, short-term steps, Israel has demonstrated its willingness to weather short-term discomfort for the sake of long-term gain.

In March 1989, the International Monetary Fund issued an authoritative report confirming Israel's success in stabilizing its economy:

> We are impressed with your success in restraining military spending and in reducing subsidies....We are particularly impressed with the most recent national wage agreement

> which called for no increase in basic wages at all this year....The central problem is to get investment moving again....The focus of discussion has accordingly shifted from economic stabilization to growth....The pressure to do better yet should be unrelenting.

The United States has a vital interest in Israel's economic well-being for several reasons. First, the economic health of our major allies and fellow democracies is inherently a vital interest for the United States, because in a very profound sense, the free nations stand or fall together. Second, the economy of Israel is the bedrock of the nation's ability to sustain its own defense, and for this reason Israel's economic health is essential to the stability of the region. Under Secretary of State for Economic Affairs Richard McCormack put it this way: "It is clear that a country that has the high defense expenditures Israel is forced to maintain needs economic assistance to maintain its position" (NER, Jan. 8, 1990). Dr. Herbert Stein, former Chairman of the Council of Economic Advisors, adds: "Hostile neighbors should be left in no doubt about the strength and stability of Israel's economy" (The American Enterprise, May/June 1990). And third, it is a vital interest of the United States to ensure that Israel continue on the path of economic growth and self reliance. This is something we can do, and for our own interest, must do.

The challenge for the United States, and for this Subcommittee, as we look to the year ahead, is to continue a program that is working, and to take the steps that are necessary to reinforce, and indeed accelerate, the recovery to which the United States has already contributed so much. The foreign-assistance program before you is truly an investment in Israel's future.

Although the level of aid to Israel has remained steady for four years, the real value of that aid has declined. There has been a steady erosion in the value of Economic Support Funds and Foreign Military Sales credits to all aid recipients. Based upon information provided by the Congressional Budget Office, Office of Management and Budget and the Department of Defense, our aid package to Israel has eroded in value by over 15 percent since 1986 (See Charts I and II).

Over 40% of Israel's national budget is allocated for the repayment of national debts. By comparison, only 15% of the U.S. budget is devoted to debt payment. Israel, in fact, carries the highest per-capita debt in the world, yet it has never missed a single payment to foreign lenders.

Israel must also maintain one of the world's highest levels of per-capita defense spending, 16.5 percent versus 5.8 percent in the United States (See Chart III).

A number of U.S. friends and allies have been able to benefit from legislation designed to reduce high interest debt obligations incurred through the foreign military sale program. The importance of the refinancing to Israel, and to America's interest in a healthy Israeli economy, cannot be overemphasized. The debt refinancing did not stop the continuing increase in Israel's annual debt obligation due to FMS loans. The refinancing program only slowed the rate of increase in these repayments.

This severe debt schedule is why the program was so sorely needed, made so much sense, and still does. Overall debt to the U.S. government remains high. This is not only due to FMS loans, but also to loans for Economic Support Funds, housing, agriculture, and other programs.

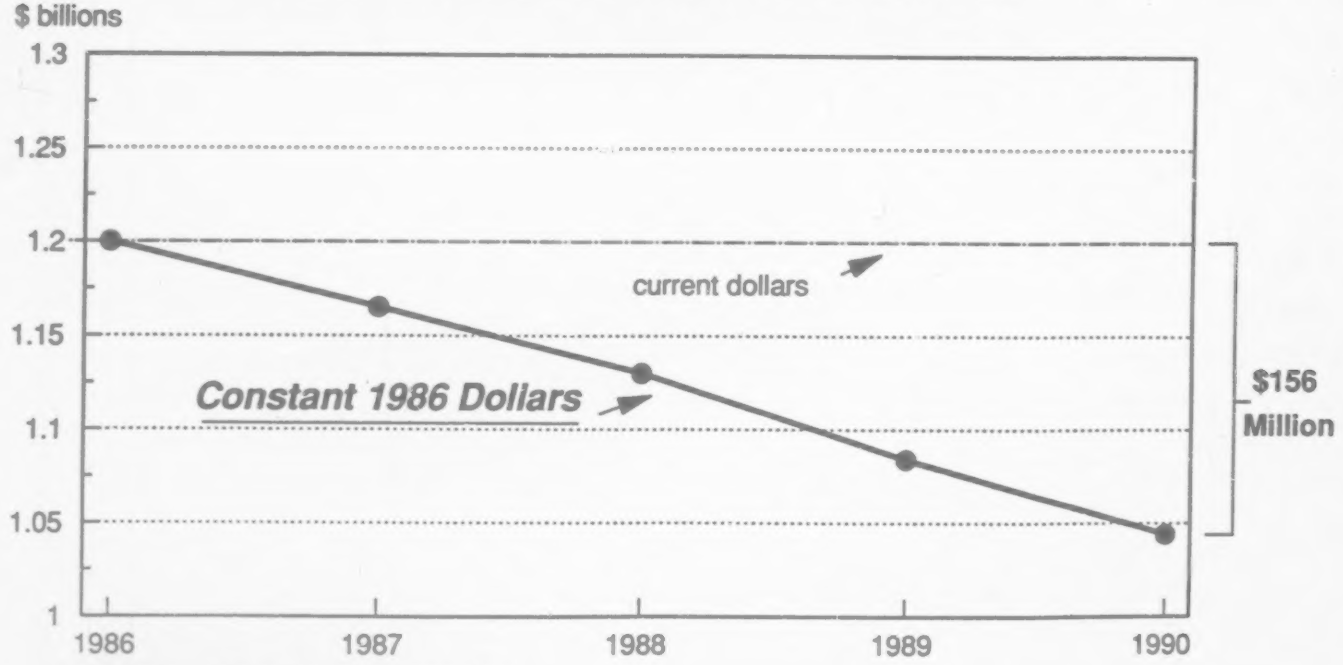
The events in Eastern Europe have turned out to be a boon for Israel. The restoration of diplomatic relations with the East European nations, among other areas, bolsters Israel's confidence. Romania was the only East bloc country that did not break relations with Israel in 1967. But in recent month, Israeli ministers have visited most of these countries and signed a variety of trade and cultural agreements. Soon after its foreign minister visited Israel, Hungary re-established diplomatic relations. And Czechoslovakia and Poland have followed. Most remarkably, the East Germans have accepted some responsibility for the Holocaust and have agreed to disburse reparations to its victims. A number of commercial agreements have also been signed with the Soviet Union and consular ties instituted, but regrettably the Soviets continue to impose unreasonable conditions for re-establishing full diplomatic relations.

Moreover, a number of black African nations, most notably Ethiopia, are taking the Eastern European cue and restoring diplomatic relations with Israel.

By far the greatest impact the changes in Eastern Europe will have on Israel is the mass immigration of Jews. Jews today are leaving the Soviet Union in unprecedented numbers. Over 100,000 Jews are expected to arrive in Israel this year. The wave of nationalism unleashed with glasnost has, unfortunately, brought with it increased anti-Semitism throughout the Soviet Union; Jews are being harassed, intimidated and persecuted. Hundreds of thousands want to leave for Israel immediately, yet commercial flights from the Soviet Union to destinations leading to Israel are booked through 1990 and the Soviets have refused to ratify an agreement for direct flights from the Soviet Union to Israel. El Al, the airline of Israel, has reached an agreement with Aeroflot which would allow the Israeli airline to fly directly into Moscow to bring Jews to Israel. But Soviet leaders, under pressure from Arab governments that oppose Jewish immigration to Israel, have refused to implement the agreement.

CHART I.

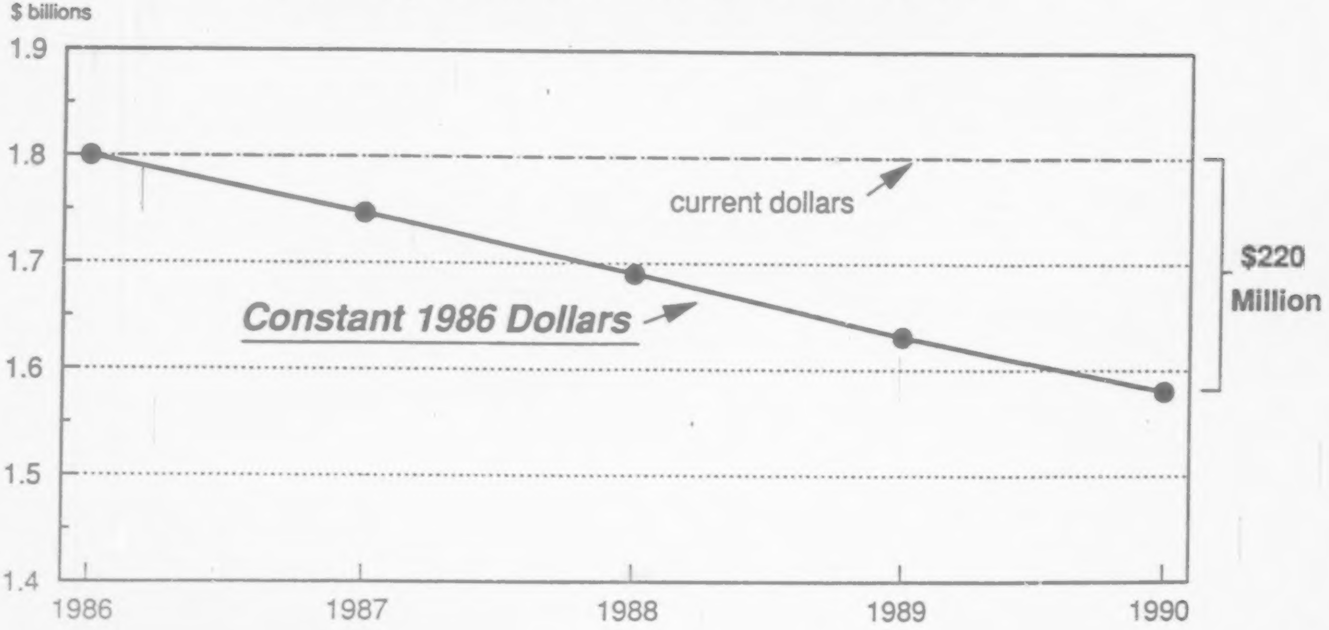
Erosion In Value Of Economic Assistance To Israel



Calculated with the assistance of the Congressional Budget Office, Office of Management and Budget and Department of Defense, using GNP deflators appearing in the CBO's 1990 Economic and Budget Outlook.

CHART II.

Erosion In Value Of Military Assistance To Israel

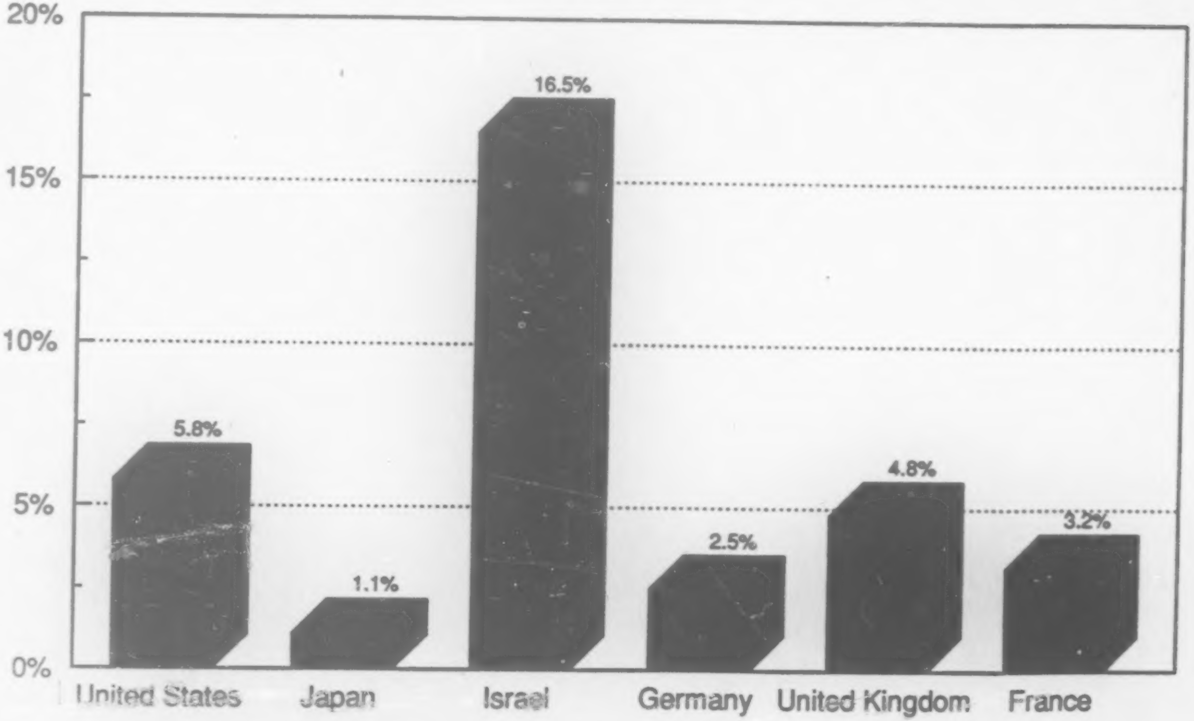


Calculated with th assistance of the Congressional Budget Office, Office of Management and Budget and Department of Defense, using DoD procurement deflators appearing in the Office of the Secretary of Defense and the FY90-91 DoD Budget Presentation to Congress.

CHART III.

Per Capita Income Spent On Defense -- 1988

(In Percent)



Sources: International Institute for Strategic Studies, *The Military Balance, 1989-1990.*
World Bank, *The World Bank Atlas, 1989.*

But immigrants are not only coming from the Soviet Union. Israel expects 10-12,000 Romanians to make "aliyah"--to come to Israel--this year. About 500 Hungarian Jews, double the previous number are also anticipated. Because of the economic problems in Latin America, another 3,000-3,5000 Jews from that region are expected to emigrate. And, it is hoped, the last 15,000 Ethiopian Jews will finally be permitted to leave this year.

Throughout its 41 year existence, Israel has served as the homeland for displaced Jews. It was founded by the survivors of the Holocaust; through the 1950s and 1960s, more than half a million Jews from the Arab nations of the Middle East and North Africa, knowing neither Hebrew nor English and possessing little trade skills, found homes and were absorbed into Israeli society. Once again, Israel is fulfilling its mission to rescue an endangered Jewish community.

Over 10,000 Soviet Jews are now arriving in Israel every month. Such numbers represent only a tip of the iceberg. More than 330,000 Soviet Jewish families have requested invitations to Israel. This represents over a million people to be absorbed by a nation of only 4.6 million. An equivalent number of immigrants for the United States would be over 55 million people.

The impact on Israel's economy is staggering. Inflationary pressures have increased. The strain on the government budget is enormous, as costs rise to meet the increase of number of immigrants. Israel must construct not only new housing, but also new infrastructure like schools, hospitals, and other public facilities. And the task of job creation and job training for the highly educated Soviet Jewish population compounds the economic burden.

Israel must construct not only new housing but also new infrastructure for schools, hospitals, roads, power plants, and other public facilities. The task of job creation and job training for the highly educated Soviet Jewish population compounds the economic burden. And even with successful absorption, high unemployment rates must be expected in the next few years.

Dr. Michael Bruno, Governor of Israel's Central Bank, recently told Israel's cabinet that the wave of immigration has brought about "a state of emergency the like of which the country hasn't seen for 30 years." Israel is struggling to cope with the huge costs of absorption of virtually penniless immigrants. The cost of absorption for 100,000 immigrants is estimated to be $2.5 million. The potential for one million immigrants could mean a total cost of $25 billion. The Knesset has already approved almost $2 billion in additional funds for FY 1990 alone.

In an effort to preserve Israel's impressive budget discipline of recent years, the Finance Ministry has asked the government for a commitment to cut $250 million elsewhere in the budget. Nonetheless, Israel will have to borrow heavily abroad to finance absorption costs. According to the Bank of Israel, external debts will increase by $1 billion in 1991 and $2 billion in 1992.

I commend the Subcommittee and the Chairman and Ranking Member for supporting the passage of the housing loan guarantees to resettle Soviet Jews. The Housing Loan Guarantee program will play an important role in keeping down the cost to Israel of borrowing such huge sums. The program is a worthy continuation of America's struggle for freedom for Soviet Jews. Furthermore, I might add, this humanitarian issue must not be linked to overall Israeli policy on settlements--there is no Israeli government policy to encourage Soviet Jews to live in the West Bank and Gaza; far less than one percent are settling there. Soviet Jews, like all Israelis, should be free to live where they choose. As Housing Minister Ariel Sharon stated last month, Israel's "efforts in resettling immigrants are directed at this side of the Green Line."

We hope that the Administration and the Israeli government will work out assurances on the use of the loan guarantees as soon as possible. Congressional vigilance may also play a role, ensuring that the intent of Congress is upheld and that the program is swiftly implemented.

In a recent letter to Secretary of State Baker, Israeli Prime Minister Shamir wrote:

> In the economic field, we are facing a thrilling challenge, a dream coming true: a massive Jewish immigration from the Soviet Union and other countries. The goal of providing our brethren, who are now joining us in our homeland after decades of separation, with housing and employment, is a top national priority. The demands are enormous. We shoulder them with love, and this feeling is shared by all in Israel, although we will stretch our economic resources to the utmost.

Israel will joyfully confront and solve those challenges, but not overnight and not without difficulty.

Maintaining Israel's Vital Qualitative Edge

Beyond the challenge of economic recovery, the program before you is essential for a second reason. It is that our assistance to Israel over the coming year will have a critical impact on the security of the Jewish state.

In past years, we have related to this committee a bleak description of the erosion in Israel's margin of security. This has resulted to a great degree from the severe financial and budgetary austerity measures that were necessary to rescue Israel's economy. Regrettably, that assessment, while improving, still captures the essence of the situation. Indeed, the effects of recent years' defense budget cuts will continue to be felt well into the 1990s. Defense expenditures in coming years will continue to be cut back and the Israel Defense Forces are facing the choice of cancelling important projects or stretching them out over extended periods, thus driving up their ultimate cost. As Defense Minister Arens said just yesterday, "We have a list of potential acquisitions for the IDF. We are in a very severe financial crunch. It is possible that we will have to give up some of the things we had already decided to get."

The austerity measures cut Israel's defense spending by about 20 percent in a two-year period--one of the largest reductions ever imposed by a democracy in so brief a timespan. While Israeli military planners have attempted to make the cuts without eroding Israel's narrow margin of safety, reductions of this magnitude have, inevitably, added to the element of risk in many areas.

In recent years, active combat units were disbanded, reduced in size, or converted into reserve formations. Large numbers of vital aircraft have been mothballed, effectively grounding 15 percent of Israel's combat force. This has decreased the number and size of army brigades and air force squadrons available to meet a surprise attack, weakening the basis on which Israel's security has rested since the conclusion of the 1973 Yom Kippur War.

At least one of Israel's mechanized/armored divisions was disbanded, resulting in the withdrawal of several hundred tanks from the IDF battle order. This means a serious decline in Israel's visible deterrent capability as well as a decline in its war-fighting ability.

The impact of past reductions in training time is still being felt, and has been made worse by the demands of dealing with the intifada. The expenditure of ammunition in training is still curtailed. There have been serious cuts in the number of flying hours allowed aircraft pilots, resulting in 20 percent of pilots being dropped in order to continue training for the remainder. Israeli pilots now are able to fly fewer training hours than their American or even Jordanian counterparts. In terms of actual funds, it is estimated that it costs the Israeli Defense Forces $970 per hour to operate a Merkava tank engine, $2,687 per hour to operate a missile boat and $13,708 per hour to fly an F-15 fighter.

Reserve readiness has been cut. For several years the number of reserve days served by Israeli soldiers was reduced, although it was increased recently to cope with the demands of service in the West Bank and Gaza Strip. However, because of the amount of time both regular and reserve troops are now spending in riot control duties on the West Bank, they have less time to train for their primary mission of conventional defense. Israel had been forced to augment its forces in the administered territories by four or five time the level present two years ago. As a result, reserve units will continue to be less prepared for conventional warfare than they were in the past.

Thousands of active duty military personnel have been released from the IDF. This has meant the loss of a great many highly skilled individuals who will be sorely missed by the Israeli armed forces. Pay cuts and personnel releases have produced an exodus of highly trained and motivated professionals. Riot control service in the West Bank and Gaza has placed an added strain on the troops. These factors threaten to undermine a key aspect of Israel's military superiority--its large qualitative advantage in personnel.

Ammunition and equipment stockpiles have suffered deep cuts in order to lessen the impact of reductions in other areas. This has reduced Israel's ability to sustain its forces in combat. In an effort to reduce expenses, the armed forces have continued to draw down their stockpiles without full replacement. General Menachem Einan, chief of the IDF Logistics Branch, recently pointed out the gravity of this situation, stating that the Israeli Army must "close the gap created in the last three to four years between current and operational levels" of stores.

Many programs, such as continued acquisition of new Merkava III tanks, helicopters, and naval vessels have been delayed but are finally moving forward this year.

Expenditures on research and development continue to be curtailed. This has diminished Israel's ability to develop and produce the unique new weapons and countermeasures needed to counter increasingly sophisticated weapons entering Arab arsenals. This further diminishes Israel's qualitative advantage over its opponents. In 1989, as in previous years, Israeli defense industries were forced to reduce their staffs and plant facilities and thus are less able to support Israel's military needs.

These cuts in Israel's defense budget have made American FMS aid to Israel all the more important. In particular, this money has helped upgrade Israel's Air Force--whose margin of superiority over its adversaries remains the cornerstone of Israel's security doctrine--particularly, through the acquisition of 60 additional F-16 fighters to fill the gap created by the cancelled Lavi aircraft, as well as Apache attack helicopters. We specifically wish to thank this Subcommittee and the Congress for earmarking increased funds for procurement of defense items in Israel. Permitting "offshore procurement" of this type helps ease the crisis faced by Israel's defense industry.

Another key program that will be funded through the FMS account is the upgrading of Israel's Navy, which must confront the colossal growth of hostile Arab navies like that of Syria, which has doubled its fleet of combat vessels since 1982. After years of delay due to budget constraints, Israel has finally been able to fund the building of new submarines and missile corvettes, although it will be years before these vessels enter active service.

The termination in 1987 of the Lavi fighter, which was to have been the centerpiece of Israel's industrial potential, was a hard blow for the country, and its effects are still being felt. It was initially thought that cancellation of the program would free substantial funds for other urgently-needed defense projects. However, the Israeli military will only be able to reallocate to other areas a small percentage of the money made available from the cancellation. The remaining money was used in areas directly associated with the Lavi's discontinuation.

In sum, Israel's $1.8 billion in military assistance is vitally needed for continued procurement of U.S. defense equipment and materiel in order to meet the evolving threats in the region. All but $475 million is spent in the United States; in fact, Israel's FMS spending is spread throughout 42 of the 50 states. During the last three years, Israel has spent $4.4 billion in security assistance here in the United States, providing major contracts for U.S. defense industries.

Israel continues to face long-term reductions in the size of its military forces. What is lost in quantity must be made up in the qualitative enhancements provided through the development and use of advanced technologies.

The Arab Military Buildup

Sadly, the era of glasnost and disarmament in Europe has had little impact in the Middle East. The total size of Arab forces confronting Israel dwarfs that of the IDF (See Chart IV). Despite reductions in oil revenues in recent years, Israel's enemies continue to purchase more and newer weapons to add to their already bulging arsenals. They have placed orders for billions of dollars worth of new weapons each year, and have tens of billions of dollars more still in the pipeline from past years. Since 1979, the leading Arab nations still at war with Israel have spent more than $400 billion on their armed forces (See Chart V). U.S. arms sales in the region have begun to increase again after several years of decline. Arab nations at war with Israel are continuing to spend approximately $30 billion annually on their military forces. Arab states now outnumber Israel four-to-one in tanks and aircraft (See Chart VI). According to the United States Arms Control and Disarmament Agency, four of the eight largest arms-importing countries in the world are Arab nations in a state of war with Israel: Iraq, Saudi Arabia, Libya and Syria. And, it may be significant that despite its economic problems, Egypt was the next largest importer.

In addition, we must not allow another massive wave of arms deliveries to the Third World to result from a conventional arms control agreement between NATO and the Warsaw Pact. It would be tragically ironic if the advent of a new era of peace in Europe should be the catalyst for new threats to stability in the Middle East.

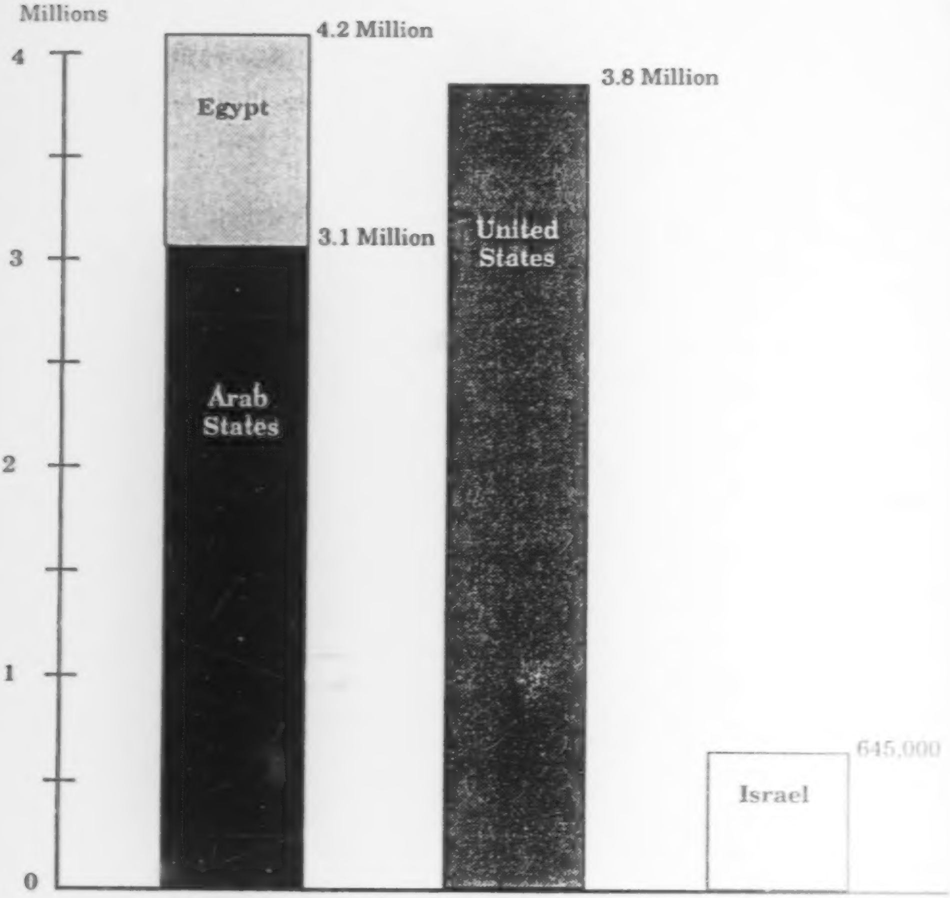
Syria has expanded and improved its armed forces since its defeat in the 1982 fighting. All branches of Syria's military have grown as a result. There is a growing disparity in standing armed forces--approximately 400,000 for Syria compared with 150,000 for Israel. This could serve to increase Syria's incentive for a surprise attack. Syria's president, Hafez Assad, has made very clear that his goal of "strategic parity" with Israel is a synonym for war preparation. Indeed, according to one estimate, the Syrians devote half their national budget to the armed forces, spending $1 billion more than Israel each year. As part of that buildup Syria has increased by 50% the number of divisions in its army. In 1989 an additional armored division was deployed, bringing the total to ten. These troops have been reequipped with the latest-model tanks, artillery, and other equipment available to the Syrians. The Syrians studied carefully the fighting in Lebanon in 1982 and have incorporated lessons from that campaign into their doctrine and training.

Syria's navy has also been a major beneficiary of this buildup, seeing the number of its combat vessels double in the years since the Lebanon war as well as the addition of previously unavailable capabilities. These new capabilities are the result of Syria's acquisition of modern Soviet Kilo-class submarines, and a new coastal defense missile, the Sepal, with a range of about 180 miles.

Syria's air defense and air force have also benefitted in this expansion. The losses of 1982 have been replaced, and more advanced types of anti-aircraft missiles and aircraft have entered service. New anti-aircraft systems include the SA-5, SA-11, SA-13, and SA-14 missiles. Late last year, the Soviets agreed to a massive $1.4 billion upgrade of Syria's air defenses, to be financed largely by Saudi Arabia. Syrian pilots have been trained in the Soviet Union on one of its most advanced fighters, the MiG-29, the first squadron of which has been delivered, with the transfer of a second squadron expected in the near future. Of even greater concern is the delivery of a squadron of Su-24 fighter-bombers to Damascus. This low-level penetration fighter-bomber, equivalent to the U.S. FB-111, is effective at evading air defenses and capable of delivering large amounts of ordnance against Israeli targets.

CHART IV.

Size of Arab Forces Exceed that of U.S.



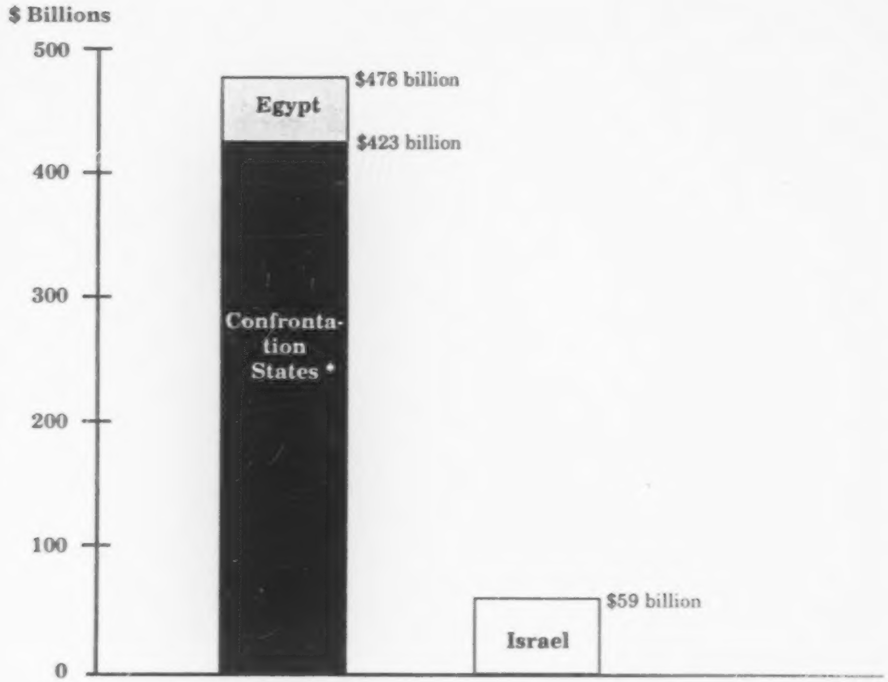
Figures include reserve forces

* Syria, Saudi Arabia, Jordan, Libya, Iraq, Kuwait

Sources: The Military Balance, The Middle East Military Balance

CHART V.

Arab States Outspend Israel on Military by over $400 Billion 1979 - 1989



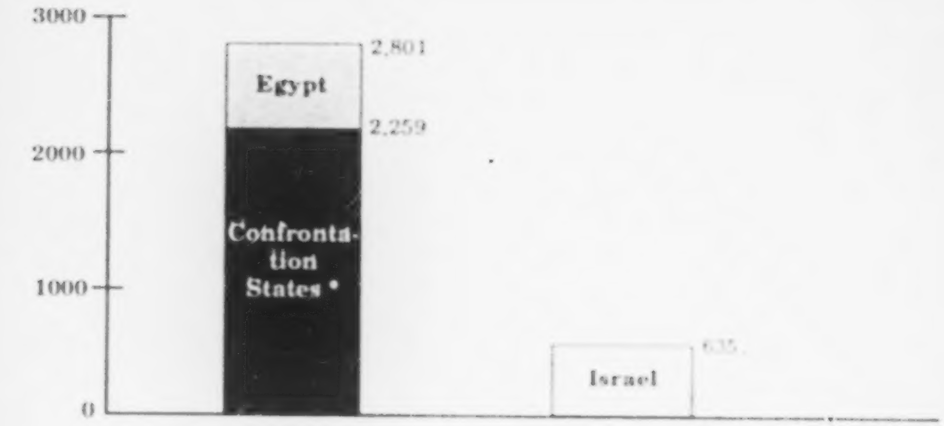
* Syria, Saudi Arabia, Jordan, Libya, Iraq, Kuwait

Sources: World Military Expenditures and Arms Transfers, The Military Balance

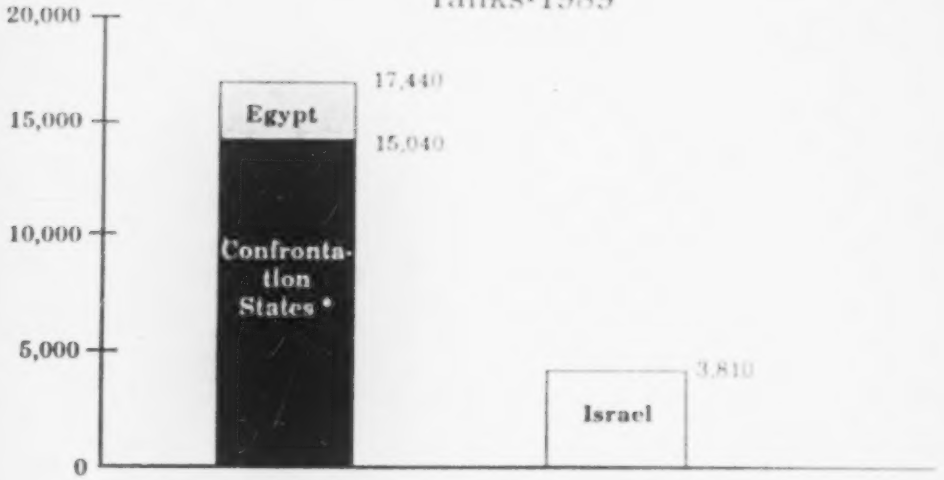
CHART VI.

Arab States outnumber Israel in Combat Aircraft and Tanks by over Four to One

Combat Aircraft-1989



Tanks-1989



* Syria, Saudi Arabia, Jordan, Libya, Iraq, Kuwait

Sources: The Military Balance. The Middle East Military Balance

The Syrians have also acquired Soviet-built SS-21 tactical ballistic missiles, another piece of first-line equipment for Soviet forces facing NATO. These missiles are much more accurate and dangerous than the earlier Soviet-built Frog and Scud tactical missiles in the Syrian armory. Within the last year, additional SS-21 batteries were delivered. The accuracy of these new missiles increase Syria's "first-strike" attack capabilities against key Israeli installations including air bases and mobilization points. This coincides with a major effort by Syria to build up its chemical warfare abilities. Two factories are currently producing a variety of nerve gas agents which can be deployed as warheads on Syria's ballistic missiles.

Several reports have emerged indicating that the Soviets now may be cutting back their military support for Syria, no longer willing to fund Assad's quest for "strategic parity." In reality, while the overall level of arms deliveries has slowly gone down over the past several years, the equipment now being sold is amongst the most sophisticated in the Soviet arsenal. The departure of some Soviet advisors from Syria results from the completion of their training mission, not because of a lessening of Moscow's support for Damascus.

Jordan has continued the modernization of its defense forces. Manpower has increased by more than 27,000 troops. The Jordanians have augmented their inventories of tanks, artillery, helicopters, anti-aircraft systems, air-to-air missiles, and other munitions. Some of this has been provided as a gift from Iraq, in the form of captured Iranian hardware. Jordan has one of the Arab world's most modern and qualitatively superior ground forces. The highly trained Jordanian Army has purchased offensively-oriented equipment such as mine field breaching devices and assault bridging equipment.

A key part of Jordan's military buildup plan appears to focus around increasing its air defense capability through the acquisition of advanced fighter aircraft and mobilization of its batteries of Improved Hawk anti-aircraft missiles. If Jordan succeeds in its search for this capability, it will be in a position to directly threaten Israel's margin of air superiority. In 1988, Jordan announced plans to purchase Mirage 2000 and Tornado fighter aircraft. These acquisition plans have temporarily been put on hold for financial reasons, but it is only a matter of time before Jordan obtains modern aircraft that will add significantly to the Kingdom's ability to challenge Israel in the air. The most recent addition to Jordan's air defense are new SA-8 missiles transferred from Libya, following the resumption of relations between the two states.

Perhaps more immediately alarming are plans for Jordan and Iraq to form a joint air combat squadron of Mirage fighters and a joint ground brigade. Coupled with continuing reconnaissance flights of Iraqi aircraft along the Jordan river valley facing Israel, this is the most tangible evidence to date that Israel may soon face an expanded hostile eastern front.

There are also indications that Jordan took steps in 1989 to remove its I-HAWK missile batteries from their permanent concrete emplacements. This is a direct violation of agreements made with the United States when these weapons were sold in 1975, under which the missiles were only to be deployed at fixed sites.

Libya, despite its massive arsenal of Soviet-supplied weaponry, has until recently had only limited capability to directly attack Israel. The Qaddafi regime has now obtained the capacity for aerial refuelling of its attack aircraft from West Germany, giving it the means to reach Israel. In April 1989, it received the first Su-24 strike bombers from the USSR. Qaddafi has repeatedly shown that he is bent on the acquisition of advanced non-conventional weapons of mass destruction. Several months ago, Libya initiated a hoax aimed at convincing the world that the chemical weapons plant at Rabta had been destroyed in a fire. In fact the plant is now fully operational. Even more alarming are reports that an additional chemical weapons plant has been built underground in southern Libya. Large quantities of chemical weapons may have been stored in Libya, and as was seen during the Chad war, Qaddafi will not hesitate to use them.

Since 1980, **Iraq**, which has sent forces to fight Israel in three wars, has more than tripled the size of its armed forces. Indeed, since the beginning of this decade, Iraq has become the world's leading arms importer, taking delivery of weapons worth an average of over $3 billion every year. With the end of the Gulf War, it can be expected that the enormous arsenal accumulated in Iraq will be at least in part available for use against Israel, as it has been in the past. Israeli experts estimate that Saddam Hussein could send 10 divisions to participate in a joint attack on Israel, and still maintain an adequate defense against Iran. Moreover, the Iraqi armed forces are battle hardened; over one million strong, they are better organized, better trained and more fully mechanized and modernized as a result of their eight-year war with Iran. Now it appears Iraq is once again flexing its military muscles, this time focusing its wrath on the tiny gulf state of Kuwait.

On April 2 of this year, the Iraqi dictator Saddam Hussein made his now-infamous pledge to destroy half of Israel if Iraq were attacked. Saddam has continued to destabilize the regional balance, giving his military commanders permission to directly respond against Israel without waiting for orders from Baghdad, and declaring that an Israeli action against any Arab state would prompt an Iraqi response.

Ominous indications that Iraq is actively trying to build a nuclear weapon continue to appear. In March, Iraqi agents were arrested in London trying to smuggle out nuclear triggering devices. Experts in Israel estimate Baghdad may have a working atomic device within five years. What is more, Saddam Hussein's regime has taken precautions to defend its nuclear facilities from a repeat of the Israeli strike at Osirak in 1981.

Such weapons truly become a threat when a state achieves the means of delivering them against a target. Iraq has extended the range of its surface-to-surface SCUD missiles. This enhancement enables Iraqi missiles, possibly armed with chemical warheads, to reach Israel from launch points in western Iraq. Saddam Hussein has threatened to use these new weapons to destroy half of Israel. Baghdad has attempted to import high-temperature furnaces from the United States, needed to forge missile parts from special alloys. In addition, Iraq has been attempting to build a "super cannon", capable of launching a shell hundreds of miles. While parts for this giant artillery weapon were intercepted before reaching Iraq, the Baathist regime may still manage to make it operational one day.

At this current time, our intelligence community is studying Iraq's nuclear status and its intent to build nuclear weapons systems.

Despite steep reductions in oil revenues, **Saudi Arabia** continues to order weapons on a grand scale, as witnessed in June with the announcement of a massive $4 billion arms package from the United States, the largest such sale since the AWACS deal. This comes on the heels of a $3.1 billion sale of 315 advanced M-1A2 tanks in 1989, reportedly to be followed by a request for another 385 tanks in 1991. It leads the Arab states in military expenditures, this year spending over $14 billion on its military--a sum equal to roughly half of Israel's entire GNP. In each of the years 1981-1985, it was the world's second largest importer of arms. Current Saudi military expenditures per regular soldier are almost twice American expenditures (approximately $262,000 to $136,000). And, as Saudi Defense Minister Prince Sultan has made clear on several occasions, the focus of this military buildup is Israel, not Iran or the Soviet Union. Therefore, not only does it seek to acquire military capabilities far beyond its own legitimate defense needs, it continues to fund Syrian, Jordanian and Iraqi arms purchases and PLO terrorist activities against Israel. As is by now well known, Saudi Arabia has also recently acquired intermediate-range ballistic missiles capable of carrying a variety of warheads up to 1500 miles. These Chinese systems represent an entirely new class of missile in the region and their deployment by Saudi Arabia is not based on any conceivable security needs.

As part of this huge ongoing military buildup, Saudi Arabia has been steadily seeking to increase the size and combat capabilities of its air force. An important aspect of this particular effort has been the Saudi attempt to enhance the fighting qualities of the combat and surveillance aircraft it has acquired from the United States. In this it has been partially successful, to the detriment of Israel's security. The United States is currently proposing to upgrade the already-potent capabilities of the AWACS planes purchased in 1981. The sale of such equipment as American aircraft enhancements or replacements to Saudi Arabia cannot but lessen the opportunity for Israel to expend its resources on projects more productive for its society than countering an ever-extending range of Arab military power.

In 1988, Saudi Arabia and Great Britain announced "Al-Yamamah II", widely described as the "arms deal of the century", worth over $50 billion according to many sources. The centerpiece of this sale was the purchase of yet more advanced Tornado fighter-bombers, capable of attacking deep inside Israel. While much of this program has been delayed for financial reasons, delivery of the original purchase of Tornado jets in 1985 is continuing.

While Saudi Arabia has not traditionally been thought of as a major player in past Arab aggressions against Israel, the massive expansion and modernization of its military during the past 15 years has given Riyadh the potential to play an important supporting role in a future conflict. The very fact that this capability now exists will bring pressure from other Arab states to join in a military coalition aimed at Israel.

Mr. Chairman, the Arabs purchase these arms from dozens of different nations around the globe. Our country has been a major supplier, selling billions of dollars of military goods and services to avowed enemies of Israel. American sales of new weapon systems to hostile Arab nations have had a particularly profound impact on the military balance between Israel and those states because American technology is often superior to that of competing weapons. These sales have significantly raised the cost to Israel of maintaining its own defenses, exacerbating the strain on Israel's economy, and barring any changes in American policy, will continue to do so in the future.

The chemical weapons threat to Israel continues to grow. Syria, Libya and Iraq have advanced to the point where they are manufacturing their own deadly chemical agents, and Iraq, has used them on numerous occasions in its war against Iran. In 1988, Iraq used its chemical arsenal against its Kurdish population, killing thousands of civilians and seriously wounding an equal number. It was not long ago that Saddam Hussein threatened to employ poison gas directly against Israel, vowing that Iraq would destroy half of Israel if it made another attempt to halt Baghdad's drive to acquire nuclear weapons. The Iraqi leader followed up these bellicose statements by asserting that his forces would retaliate for Israeli action against any other Arab state, including Iraq's arch-rival Syria. He has stated that Iraqi commanders may immediately launch an attack without even waiting for orders from the political leadership in Baghdad.

The realization of what was earlier an approaching threat has forced Israel to take in its turn precautionary steps to protect its population and soldiers from similar attacks, again at further cost to itself. Israel has had to initiate a massive civil defense program to protect its citizens, as well as invest in protective measures to keep airbases and other military facilities operational in a chemical environment.

Overall, what we have is a pattern of an accelerated Arab buildup while Israel substantially cuts its forces. The effort to maintain the qualitative edge adds to the burden on the Israeli economy, further worsening the quantitative gap in the Arab states' favor.

Mr. Chairman, we are all proud of Israel's achievements, but realistically it is impossible to have this combination of trends without a diminution of security. Israel's margin of safety is, inevitably, reduced by the austerity measures it has been forced to take in past years.

Today, I come before you to ask that you take the very serious security risks facing Israel into account when you consider the level of aid to Israel for FY 1991. What this Subcommittee does will have a direct impact on Israel's security, in a situation where there is much less room for error. Moreover, any reduction in aid will send the wrong signal to Israel's enemies.

Let me sum up, Mr. Chairman, the conclusions of my testimony. Our aid to Israel has been a wise investment, because Israel is our one democratic friend and most reliable ally in a critical region of the world. But this year aid to Israel is particularly important for three reasons.

The first is to prevent any further erosion in Israel's narrow margin of security in a situation where its forces have been cut while those of its adversaries are rapidly growing. Moreover, in this era of concern over allied burden-sharing, it is important to remember that while we devote roughly $170 billion to the defense of NATO, whose members spend an average of only five percent of the GDP on defense, Israel spends almost 25 percent of its GDP on defense.

The second reason aid is particularly important again this year is to stay the course on the economic recovery and growth program on which Israel has embarked. This is no time to reduce our effort.

Another reason aid is crucial this year is to help enable Israel to meet the challenge of absorbing hundreds of thousands of new immigrants, mostly from the Soviet Union.

Last, but not least, Mr. Chairman, aid is an important tool to advance the peace process. Israel must feel confident of American support and commitment as it takes risks for peace.

Israel is aware, however, of America's budget constraints and thus has not increased its aid request over the past four years. Indeed, in 1986, the Government of Israel, acting as a responsible partner in the foreign aid process, returned $51.6 million in ESF funds to the U.S. Treasury despite the economic pressures it was facing.

Mr. Chairman, I thank you for the strong friendship you, this Subcommittee, and the Congress, have demonstrated toward Israel, and for the opportunity you have provided to explain the importance of FY 1991 aid to Israel and to America.

STATEMENT OF STEVE A. ROBERTSON, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION

Mr. Chairman and Members of the Subcommittee, The American Legion welcomes this opportunity to present its views in support of full funding for foreign aid. Our more than three million members believe that foreign aid is a necessary and effective tool of U.S. foreign policy. When administered with foresight, honesty, and prudence, foreign aid helps to encourage democracy, increase economic development, stabilize economies under stress, relieve human suffering, and bolster self-defense capabilities of our friends and allies. A frequent by-product of foreign aid is adoption of some tenets of a market economy as recipient nations become aware of the increased productivity brought about by fostering private initiative through free enterprise and competition.

We urge full funding of the foreign aid request for FY 91 as requested by the Administration:

Multilateral Assistance	$ 1,961,269,000
Bilateral Assistance	6,609,628,000
Military Assistance	5,474,872,000
Food Assistance	897,853,000
	$ 14,943,622,000

We believe the foregoing request represents the absolute minimum funding required if U.S. national interests are to be protected.

Some Americans view foreign aid only as a "give away" that unnecessarily drains resources which could be put to better use here at home to relieve unemployment, increase welfare, or aid community development. Actually, foreign aid has a positive "pay back" to our country. First and foremost is the fact that foreign aid helps protect our national security by giving our friends and allies the military equipment, supplies, and training to provide for their own security. This in essence provides a first line of defense for the U.S. outside our borders. It economizes on the use of U.S. armed forces and helps other countries fight their own battles rather than relying on the youth of America to defend them. Economic assistance fosters economic development in the Third World and brings hope to aspiring peoples. By increasing prosperity in needy lands, foreign aid creates new markets for sale of U.S. exports. The export sector is becoming increasingly important as the Free World international market becomes more integrated and competitive. Overall, about 70 percent of U.S. bilateral foreign aid is spent on purchases of American goods and services. Similarly, about 50 percent of our multilateral aid returns to our shores. Third World countries purchase about one-half of American exports of grains and cereals. In the overall agricultural sector, about 40 percent of total U.S. exports are sold to the developing countries.

Since World War II, U.S. foreign aid has helped many countries modernize their economies and become productive participants in the Free World international economy. Prime examples are Mexico, Brazil, Taiwan, and the Republic of Korea. As these nations have increased their productivity, they have helped to raise the overall standard of living in the Free World.

Compared to other types of spending, the U.S. foreign aid program is relatively modest and accounts for about one cent of each budget dollar spent. On a per capita basis, the U.S. ranked 13th in the list of development aid donors in 1987, giving $40 per capita annually while the leader (Norway) gave $191. American development aid has declined by about 40 percent since 1962. Then, it accounted for 59 percent of total worldwide development aid; by 1987 it had dropped to 22 percent of the total.

In some recent years, Congressional budget cuts and Gramm-Rudman-Hollings reductions have significantly trimmed Administration requests for foreign aid. Since Congress also earmarks aid for certain countries like Israel and Egypt, cuts imposed in aid programs for some other countries have been very large. Reductions in foreign aid seriously interfere with the effective conduct of U.S. foreign policy. The savings achieved by such cuts are marginal when measured against the overall U.S. budget, yet they have a profound and lasting impact by further reducing U.S. reliability as an ally.

Of particular concern have been the recent significant reductions in U.S. foreign aid to key allies or countries which provide base rights to the U.S. armed forces. Such bases are a vital part of U.S. forward defense in conjunction with the North Atlantic Treaty Organization and our other allies. Although U.S. foreign aid to the base rights countries is not considered as "rent" for the bases, the Executive Branch has pledged to make a "best effort" to persuade Congress to appropriate specified levels of foreign aid over a specified time span.

Considering four principal countries in this category (Greece, Pakistan, Portugal, and Turkey), U.S. "best effort" pledges are generally recognized to total about $2.2 billion annually. In FY 88, the Administration's request was 4 percent below that amount, and appropriations fell 30 percent below the request. In FY 89, the budget request was 21 percent below the pledged amount, and appropriations were 8 percent below the request. The FY 90 foreign aid request fell 19 percent below the target amount and appropriations were 12 percent below the request. The FY 91 request falls 24 percent below the pledged level. In order to retain reliability as leader of the Free World, the U.S. must honor its pledges--particularly to our key allies. In this regard, before future "best effort" pledges are made, the Administration should consult closely with the Congressional leadership and develop a bipartisan position that can be honored over a number of years.

It is also very important to maintain progress toward democracy in Central America by providing adequate foreign aid. U.S. diplomacy and foreign aid have been instrumental in helping democracy take root in Central America during the last few years. Since 1984, the U.S. has made a long-term commitment to assist democracy in Central America through the Jackson Plan, which resulted from the deliberations of the National Bipartisan Commission on Central America. To date, overall aid to the region has consistently fallen somewhat below projected Jackson Plan funding. Over the past four years, foreign aid for Costa Rica, El Salvador, Guatemala, and Honduras has been approximately 15-30 percent under levels envisioned in the Jackson Plan.

U.S. AID TO CENTRAL AMERICA
($ Millions)

	FY 90 Country Programs	FY 91 Request
Costa Rica	91	65
El Salvador	315	375
Guatemala	116	125
Honduras	133	174
Total	655	739

The FY 90 country programs for Central America were 22 percent less than the requested amounts. The FY 91 request falls 12 percent below the FY 90 request. Any further reductions would seriously disrupt the entire program.

Freedom-loving Central Americans have made remarkable progress in recent years toward establishing more responsive, democratic governments. The U.S. must continue providing reasonable levels of assistance to help our Central American friends improve their economies as the indispensable base for consolidation of democracy and maintenance of security.

We are very pleased to see a generally upward trend in aid to the Philippines. It increased 84 percent from FY 88 to FY 89. A further jump of 35 percent was requested for FY 90; however, the FY 90 country program was 17 percent below the request. The FY 91 request of $650 million should be adequate if fully approved. The U.S. Government should continue to emphasize the recently launched Multilateral Assistance Initiative. Other donors will join with the U.S. in this initiative, including Japan, the World Bank, and the International Monetary Fund. This broadly based effort is an excellent example of improved burden sharing by our allies and international institutions. The initiative should play a major role in helping the Philippines consolidate democracy, institute needed economic reforms, improve infrastructure, encourage growth of the private sector, and attract foreign investment.

Although the foreign aid program has generally served U.S. national interests fairly well for several decades, like any large undertaking it can benefit from a thorough review and updating. We believe the several studies of the foreign aid program recently completed by governmental and private bodies serve a very constructive purpose. While all of the studies do not agree on the problem or the prescription, they do offer a starting point for development of a bipartisan consensus. Certain ideas merit action: writing a new foreign aid law; clearly defining foreign aid objectives; streamlining U.S. Government organization for foreign aid; focusing foreign aid on encouragement of democracy and private enterprise; using foreign aid leverage to induce recipients to follow sound economic policies; implementing measures to eliminate corruption and waste; and seeing that foreign aid goes to friendly nations, not to those who oppose U.S. principles and policies.

In its 1983 report to the President, the bipartisan Carlucci Commission (Commission on Security and Economic Assistance), which involved significant Congressional participation, concluded: "On balance....U.S. assistance programs make an indispensable contribution to achieving foreign policy objectives." The American Legion warmly embraces that position and encourages Congress and the Administration to join in a bipartisan effort to achieve U.S. foreign policy goals through a strong and well-administered foreign aid program.

Mr. Chairman, that concludes our statement.

STATEMENT OF SANFORD F. KUVIN, M.D., THE AMERICAN SOCIETY OF TROPICAL MEDICINE AND HYGIENE

My name is Sanford F. Kuvin, and I am Associate Professor at the University of Miami Medical School, and Chairman of the International Board of the Sanford Kuvin Center for Infectious and Tropical Diseases at the Hebrew University of Jerusalem. I am also Vice-Chairman of the Board of Trustees of the National Foundation for Infectious Diseases. I am testifying today on behalf of the American Society for Tropical Medicine and Hygiene, which is the largest professional society in the world of basic and clinical researchers and practitioners in the field of tropical medicine. I would like to request that my written statement be entered as part of the record.

The United States Malaria Vaccine Program has shown global leadership in the battle against malaria, one of the world's most important diseases that kills over 2.8 million people annually with over 280 million cases. Clearly, this disease has a dramatic impact, not only medically, but also economically, socially, and politically. The purpose of my testimony today is not to discuss controversial management issues at the Agency for International Development (A.I.D.), which are now being corrected, but to address the important scientific contributions which have been made possible by your support of this vital program.

The vast majority of death and illness from malaria occurs in developing countries, but it is a disease which is of major importance to the United States as part of our assistance to enhance development and stability in parts of the world where malaria is rampant. Malaria is becoming an increasing threat to Americans as well, with over a thousand cases reported last year in the United States and with increasing numbers of U.S. citizens at risk, including tourists, diplomats, military personnel, and other Americans travelling abroad. Protective measures that we have depended upon over the past two decades have become less and less effective because of increasing resistance to anti-malarial drugs and insecticides. In addition, malaria mosquitoes recognize no international borders and need no visa and no passport. No single drug now exists which is well-tolerated and provides universal protection against malaria. We are, therefore, beginning to see a significant increase in the number of fatal drug-resistant malaria cases around the world; these cases, of course, impact on this country's anti-malarial efforts and lend urgency to the Malaria Vaccine Development Program.

This a time of great opportunity for U.S. malaria research. The extraordinary advances in biotechnology over the past decades, particularly by American scientists, have allowed many approaches to the development of a malaria vaccine that would not have been possible fifteen (15) years ago. Most scientists in this area believe firmly that the development of a practical malaria vaccine is an attainable objective -- and, therefore, your continued support is essential.

Research progress in the United States in this critical area has been nothing short of astounding. The scientific breakthroughs, in combination with the A.I.D.-supported network of institutions and collaborative research initiatives, has set the stage for realizing the development of a safe and effective malaria vaccine.

A number of Federal agencies have played a complementary role in malaria vaccine development, each addressing aspects which fulfill their own missions and mandates.

However, the single agency which stands out more than any other is A.I.D. The multifaceted research program coordinated by A.I.D. has laid the foundation for the conquest of this disease -- which would be the most important contribution to public health since the elimination of smallpox.

Seven (7) private institutions and universities funded by A.I.D. are presently supporting research programs exploring approaches for the development of a vaccine. In addition, A.I.D. provides facilities for pre-clinical and clinical (human volunteer) testing of experimental malaria vaccines, as well as supports field investigations designed to obtain information vital to the vaccine development efforts.

The President's Budget requests funding for FY 91 at the level of $8.7 million for the entire A.I.D. effort -- $8.5 million for Malaria Vaccine Research and Development and $200,000 to support Malaria Field Trials of vaccine candidates. We certainly urge this Subcommittee to continue its efforts in support of these worthwhile program. However, we urge you to consider increasing the funding base of the Malaria Vaccine Research and Development Program to the 1988 level of $11 million, which would enable A.I.D. to pursue the many scientific opportunities which now exist to develop a safe and effective malaria vaccine.

Five children die every minute from malaria. It is therefore vital for the health of this nation and the world that an effective vaccine be found for the management of this dread disease. The United States is the locomotive driving global malaria vaccine development. Your support and the efforts of the A.I.D. will help to ensure this goal.

This concludes my formal statement, and I thank you for the opportunity to appear before you today. I would be pleased to answer any questions you might have.

STATEMENT OF MICHAEL L. MARVIN, DIRECTOR GOVERNMENTAL AFFAIRS, AMERICAN WIND ENERGY ASSOCIATION

BACKGROUND: The American Wind Energy Association (AWEA), founded in 1974, is a not-for-profit trade association representing all facets of the wind energy industry. Our members range from manufacturers of wind-powered electric turbines and turbine components, to electric utilities and consultants specializing in renewable sources of energy, to individuals with an interest in renewable energy technology.

Before addressing the recommendations that AWEA has to offer, I want to say, on behalf of all of our members, that this Subcommittee's work in the past has been deeply appreciated. Although we sometimes have been disappointed as to how programs were implemented by various agencies, the Congressional intent has been clear--renewable energy is a cost-effective and environmentally responsible method of meeting many of the demands of third world countries. Sadly, although the United States has not "led by example" in encouraging the development of renewable energy technologies, this Subcommittee has always recognized that overdependence on imported or conventional energy sources such as coal or petroleum serves only to further endanger the global environment and increase the debt burden of LDCs.

Wind energy has made major advances in the last decade. The average cost for wind turbines has gone from more than $2,500 per kilowatt--about $.25 per kilowatt hour (kwh)--to just over $1,000, or $.07 to $.09/kwh. Operation and maintenance costs are down to $.014/kwh, less than half that of gas and oil costs, according to the Utility Data Institute. With third-generation technological advances expected in the next three years, those figures should drop even further. Of all emerging technologies, wind energy receives the least attention, but holds the most promise. This is especially true in the 1990s.

To continue to foster the increased use of renewable energy technology in LDCs, AWEA urges the Subcommittee to:

--Mandate, through statutory language, the expenditure of $20 million for the AID Office of Energy, emphasizing to AID the importance of indigenous and renewable energy resources, such as wind, biomass, geothermal and solar energy, rather than continued dependence on costly--and environmentally damaging--conventional sources;

--Fund the Department of State's Trade and Development Program (TDP) at least at $35 million for FY91, the level provided for in the House committee-passed bill;

--Set aside at least five percent of TDP's prior year energy funding to finance feasibility and pre-feasibility studies of renewable energy projects; and

--Provide direction to multilateral banks to establish renewable energy program set-asides, and require an annual report to this Subcommittee on their progress.

All of these recommendations go to the heart of this Subcommittee's role in third world energy development. Anything that we as a nation can do to reduce LDC reliance on carbon-based fuels will have a financial, health, and social benefit to these countries and an environmental benefit to us all. Whatever the Congress can to do impress upon AID, multilateral banks, and the entire global community the importance of taking the social and environmental costs of an energy policy into consideration will be fully supported by AWEA, and I am sure, duly appreciated by the entire environmental community.

While the U.S. is now the largest carbon fuel user, according to the Center for Strategic and International Studies, it's the developing countries that will quadruple their energy consumption by 2025. By the middle of next century, LDCs will account for the bulk of the greenhouse gases emitted into the atmosphere--even if they succeed in doubling energy efficiency. It would be quantitatively unrealistic and environmentally irresponsible to expect that economic expansion to be powered by fossil fuels. We have seen in this country, and are only beginning to discover in Eastern Europe, the damage that man can do with unrestrained use of coal and oil. We simply cannot allow this to happen in the third world.

With electric power demand in third world countries increasing nearly seven percent per year, it is imperative that we move with all deliberate speed to ensure the proper implementation of third world national energy plans. An LDC which begins building a coal-fired power plant in 1990 or 1991 to help meet its energy needs today will be spewing tons of pollutants each year for decades to come. Inserting renewable energies into the LDC energy supply mix makes sense for everyone.

But it's not just the large-scale electrical demands of the third world that must be addressed. In fact, some of the more practical benefits of renewable energy technology lay outside the realm of large, grid-type systems. The World Bank, State Department and AID have all fallen into the "bigger is better" trap, only to be left with monoliths of elephantine proportions that drain precious financial resources and do not meet the needs of third world rural populations.

The bigger is better theory represents the single-largest institutional stumbling block to increased utilization of renewable energy systems in the third world. The United States must break down these biases and emphasize small-scale, micro-grid applications of renewables.

As mentioned, electricity generation is only a part of the role that wind energy can play. According to the World Bank, between 1.5 and 2 billion people do not have access to safe drinking water. The World Health Organization reports that, each year, 15 million children under the age of 15 die from diseases transmitted through contaminated drinking water. AID reports that 80 percent of all illness in developing countries is attributed to unsafe and inadequate water supplies and sanitation, and half the hospital beds are occupied by patients with water-related diseases. The social and economic ramifications of these tragic statistics are staggering. Enter wind power.

Recently, Bergey Windpower of Norman, Oklahoma, installed two small turbines in Naima, Morocco, with the support of USAID. These same units, if installed in the United States, could be expected to reduce the average homeowner's electrical bills by approximately $100 per month. Installed in Morocco as a water pumping system, these same two units provide safe drinking water for more than 4,000 people! The wind systems replace diesel engines systems, usually made in Great Britain or Japan. They are cleaner, more sustainable and have lower operation and maintenance costs than the diesel systems. Since the village could not afford to purchase the fuel to keep the diesel system running for more than a few hours a day, the wind system--with no fuel costs--is noticeably more efficient as well. Further, since water can be pumped by turbines at wind speeds as low as 7 miles per hour, literally scores of third world countries have wind resources that can support a wind turbine water pumping system.

The earmarking that this subcommittee provided the AID Office of Energy was the difference in this project. Funds supplied in the current fiscal year helped Bergey Windpower resolve some technical and support issues with those systems that will benefit LDC rural users of wind systems for decades to come.

The Morocco wind system is an excellent but all too rare example of how America's wind industry, working in tandem with AID or an international agency, can benefit the third world both socially and economically.

Sadly, such innovative and, so far, successful, projects are few and far between. AID currently does not have a single, significant non-hydro renewable energy project in its pipeline. With the support that this subcommittee has given the Office of Energy, and the creation by this subcommittee of the Global Warming Initiative in AID, that is irresponsible.

For the last decade wind energy has received virtually no support from AID. Between 1975 and 1986, AID's Office of Science and Technology spent $242 million on renewable energy programs. Wind energy received $860,000--four-tenths of one percent. In fact, animal traction programs (using animals to power pumps or grain mills) received more than *eight times* the financial support of wind energy. Even of the paltry amount spent on wind energy, almost 60 percent has been invested in foreign products.

The statistics for the World Bank are equally grim. In its most recent fiscal year (1989), the World Bank/International Development Association approved $3.8 billion in energy sector loans distributed among 28 projects whose costs totalled $19.4 billion. Of that, $9.2 million went to geothermal projects and $300,000 to solar and wind *combined*. This represents a "grand" total of seven-tenths of one percent for non-hydro renewable energy.

We have outlined some specific recommendations that our association has for this subcommittee's FY 1991 Foreign Operations bill. We believe that these recommendations provide for responsible advancement of clean energy technologies while taking into account the fiscal restraints with which this subcommittee and the Congress are faced. They all point to one general principle--**increased** education and **increased** American emphasis toward renewable energy and away from "bigger is better," lead to **decreased pollutants**, decreased **global warming**, and decreased costs--for all of us.

Thank you again for the opportunity to share AWEA's views on renewable energy's place in American foreign aid programs.

QUESTIONS SUBMITTED BY SENATOR MARK O. HATFIELD

1) How can the Agency for International Development Office of Energy help disseminate U.S. renewable energy technology and expertise?

There are many ways, but perhaps the most effective, at this early state in the development of the renewable energy industry, is in the area of education. Most developing countries have a dated and poor understanding of the competitiveness of wind and other renewable energy sources and their potential to solve energy supply problems. This leads them to overlook the opportunities for renewable energy technologies to help them expand their utility supply or to electrify rural areas. A little education goes a long way. The American Wind Energy Association (AWEA), for example, just sent several industry experts to Pakistan for lectures and discussions with the government and the AID mission. As a result of this one trip the Pakistanis are now planing a major wind resource assessment program and have begun initial planning for several wind projects.

The Office of Energy is already helping through its support of an AWEA program that brings developing country energy officials to the U.S. for training in wind power. We need to be more aggressive in in this area, particularly in light of the proactive renewable energy industry support being practiced by several European countries. AWEA has developed a plan of action for the Office of Energy to expand its wind energy activities and we are working with the office to get it funded.

2) Do you find AID missions receptive to renewable energy and its applications?

In a word, no. A great deal of education is needed within AID as well. AID missions are also at a disadvantage in adopting new energy technologies because their energy programs are often managed by non-technical people, and many AID missions have gotten out of the energy sector entirely. This is why the Office of Energy can provide an important support function in assisting in the adoption of new technologies. As an industry we have to begin building bridges to the AID staff located in the 70 countries which could use renewable energy technology.

3) As far as you know, does the Office of Energy have a plan for promoting the adoption of wind power?

As far as I am aware, they do not have a formal plan. As I mentioned, AWEA has suggested a limited program to them. In our view the Office of Energy needs to beef-up its expertise in wind and solar technologies and develop specific long-term programs to promote these previously neglected technologies. We think the long-standing and successful biomass energy program at the Office of Energy serves as a good example of what is possible.

STATEMENT OF VAN Z. KRIKORIAN, DIRECTOR OF GOVERNMENTAL AFFAIRS, ARMENIAN ASSEMBLY OF AMERICA

Mr. Chairman, I am the Government Affairs Director of the Armenian Assembly of America, a national non-profit organization headquartered in Washington to represent the views of the Armenian-American community.

This Statement focuses on only one issue in the Fiscal Year 1991 foreign operations appropriations bill -- reducing United States assistance to the Republic of Turkey. As the military threat to the United States from the Soviet Union is dramatically reduced, the longstanding justification for high levels of assistance to Turkey is no longer present and the United States' should place more weight on Turkey's human rights record when issuing foreign aid. The House of Representatives has already taken this approach and made substantial cuts in the Administration's initial, proposed levels of assistance to Turkey. The Senate should follow this approach and together with the House and the Administration use future assistance as an incentive for reform in Turkey.

From the Armenian perspective, there are at least three major areas in which Turkey needs to make substantial changes: (1) denial of the World

War I era Armenian Genocide; (2) persecution and discrimination against Armenians still living in Turkey; and (3) involvement in the Nagorno-Karabakh situation in the Soviet Union in opposition to the pro-democracy forces seeking self-determination for that region. In addition to Turkey's decades-long abominable record on Armenian issues, its record on Cyprus, Kurds, Greeks, torture, freedom of the press, and other fundamental human rights does not create much hope for internally generated reform. Without pressure from the international community and especially the United States, individuals and nationalities will continue to suffer.

According to Armenian church records, approximately two million one hundred thousand Armenians lived in Ottoman Turkey in 1912. By 1923, less than one hundred thousand Armenians were left on what became the Republic of Turkey, on the lands they and their ancestors inhabited for over three thousand years. Best estimates are that one and a half million were massacred or forcibly converted to Islam. Five hundred thousand became refugees, scattered all over the world. Of course, the massacres beginning in 1915 were not unprecedented. Between 1894 and 1896, the Ottoman Turks massacred approximately three hundred thousand Armenians, and in 1909, the government again resorted to a minority policy using massacres, killing approximately thirty thousand.

Despite repeated acknowledgments of the Genocide by the founder of modern Turkey, Kemal Ataturk, (available from both Turkish and non-Turkish sources) and despite post World War I Turkish trials explicitly finding the perpetrators of the Genocide guilty of planning and implementing the extermination of the Armenian race, the current Turkish government expends massive amounts of money and effort to deny the extermination of the Armenians. Turkey spends millions of dollars in the United States alone on lobbyists, public relations companies, and other individuals and groups willing to carry on the Turkish government's denial campaign. This occurs at the same time the United States is providing taxpayers' funds to Turkey, and the appearance of the United States indirectly subsidizing an effort to rewrite not only Armenian but also American history is not a positive image.

Indeed, the Turkish government denial and censorship of the history surrounding the 1915-1923 genocide has created and maintained anti-Armenian sentiments throughout the Turkish population -- flames which politicians in turn fan to obtain domestic, chauvinistic support. For three generations, the government has inculcated the population with the false belief that nothing even remotely like a genocide happened to the Armenians, and if it did the Armenians deserved it. Massive amounts of documentation from eyewitnesses and historians substantiating the extermination of the Armenian race are not even available in Turkey; accordingly, members of Turkish society have grown up with a distorted view of history and the Armenians. Thus, until Armenian terrorism ended in 1983, it made no difference that Armenians in Turkey as well as the Armenian Assembly and other mainstream Armenian-American groups condemned it. Turkish society was conditioned to blame and take its frustrations out on innocent Armenians. Similarly, in January 1990, when the Azerbaijanis carried out pogroms against innocent Armenians in Baku as a response to the democratic movement in Nagorno-Karabakh and Soviet forces intervened, Turkish protesters moved against the Armenian patriarchate in Instanbul in a bloody confrontation.

The Turkish government's denial campaign surfaced most recently in the United States Congress. There, a Senate effort to establish April 24, 1990 as an official day of remembrance of the seventy-fifth anniversary of the Armenian genocide was blocked by a procedural tactic precluding full Senate consideration of the proposal. The Republic of Turkey held United States businesses, military bases, and other national interests hostage to enforce this procedural tactic; in addition, Turkey paid millions of dollars to lobbyists and pressed Israel and American Jews to join its denial campaign. Ultimately, President Bush took the matter out of Congress's hands and issued a strongly worded Presidential statement commemorating April 24, 1990, but the Congressional battle established the lengths to which the Turkish government will go to deny genocide.

Ironically, Turkey stressed its record as a loyal United States ally as a reason for the Senate to reject commemoration of the Armenian Genocide. Behind the rhetoric, however, Turkey's record as an ally is not as reliable as its representatives claim. For example, Turkey did not join the Allies in World War II until well after the result was determined, cooperated extensively with Nazi Germany prior to that decision. More recently, before the Soviet military threat to the United States was reduces, in 1989, and well before a genocide commemorative resolution was introduced in the Senate, Turkey refused urgent United States military requests to inspect a sophisticated MiG fighter which a Soviet defector flew to Turkey. Instead, Turkey promptly returned the aircraft to the Soviet Union.

For the Armenian community still living in Turkey, human rights violations have continued for decades without change. In short, Armenians have faced the legacy and the drive to finish the 1915-1923 genocide at almost every level of society and government. There, the Armenian nation, once sovereign over parts of Eastern Turkey, has been reduced to approximately fifty thousand, most of whom live in and around Istanbul. For decades, the historic Armenian homeland has been methodically and continually emptied of Armenians, without any opportunities for resettlement or reconciliation. In 1912, well over two thousand Armenian churches and religious monuments stood in Turkey; many of these structures are centuries old, valuable architectural endeavors. Yet today, less than two hundred survive. Despite repeated offers from Armenian groups and the international community to rehabilitate and maintain these treasures, the Turkish government refuses access and continues to demolish and allow others to demolish these structures.

Indeed, the government shamelessly expropriates and destroys not only the Armenian community's physical assets but also the community's living presence. During the 1950s, the government forced Armenians to change their names to Turkish. For decades, the government has obstructed and continues to obstruct Armenian children from entering Armenian schools. In those schools, moreover, the government forbids Armenians from teaching history and geography -- instead it imposes government sanctioned teachers for those subjects. In addition, the government strictly controls the principals of Armenian schools and imposes its own officials as deputy principals to ensure that the government's will is done.

Furthermore, the Armenian church is forbidden from training clergy, and the government has precluded effective Armenian control of the community's own religious institutions by denying the right to elect replacements for vacancies in various councils. This general problem has manifested itself most dramatically in the current need to replace Patriarch Shnork Kalustian who died recently. The government publicly and officially interceded in the election by imposing its own rules on who may be elected. By requiring the age, place of birth, citizenship, and several other factors to meet new standards, the government effectively narrowed the field of candidates to one person, a bishop presumably acceptable to the government. This type of government interference not only violates internationally protected rights to freedom of religion, but also infringes on a minority community's ability to survive, its freedom of association. When a government continually imposes cumulative burdens on a community, for example on its religious, educational, and social institutions, it is only a matter of time before individual members of that community flee to other countries.

When discrimination in business and daily life is combined with destructive burdens on community institutions, moreover, the challenges to minority survival increase. In December 1989, the Armenians of Turkey presented President Turgut Ozal with a conservative list of some of the community's problems. These problems include the following: since 1967, Armenian philanthropic organizations have been deprived of the right to buy or to receive as donations any immovable properties; in the 1970s a decision was taken, retroactive to 1936, declaring that minority communities had no right to acquire immovable properties, and all immovable property obtained by the community since 1936 has been returned to its former owners; it is prohibited to erect new buildings on property owned by the Armenian community or to repair existing buildings on such properties; since 1972, an additional 5 percent tax has been levied on all properties owned by the Armenian community as a "book inspection fee;" since 1986, an income tax has been levied on all property owned by the Armenian community; and the identity cards of citizens states only their religion (i.e. Muslim, Christian, etc.), but not their sect (i.e. Armenian, Catholic, Assyrian, etc.). As a result the national ancestry of Armenian children, especially those coming from the provinces, is denied.

Another area in which the United States should use foreign assistance to change Turkey's behavior is the issue of self-determination for the Nagorno-Karabakh region in the Soviet Union. Nagorno-Karabakh, or "Artsakh" in Armenian, is historically, geographically, and demographically Armenian. The Armenian population of over 160,000 makes up over eighty percent of this distinct territory. In 1921, however, Stalin managed to grant jurisdiction over Nagorno-Karabakh to Soviet Azerbaijan in an agreement with Turkey. Then in 1923, Stalin arranged for an artificial six kilometer land corridor to divide the borders of Armenia and Nagorno-Karabakh. Since Soviet Azerbaijan took jurisdiction over Nagorno-Karabakh, extraordinarily harsh conditions have been imposed on the Armenian majority. Profits from Armenian enterprises were siphoned off to Azerbaijanis, funds allocated for economic development in Armenian areas never found their way to Armenians, Armenian language and culture were suppressed, and a multitude of other forms of persecution were leveled at the Armenians. This "tyranny of the minority" presented an intolerable human rights situation, and emphasizes the need to respect the right of self-determination. For decades, Armenians petitioned the central government in Moscow and the Soviet Azerbaijani government in Baku for relief, but received none. At the same time, Azerbaijan changed the demographics of another historically Armenian region south of Soviet Armenia, Nakichevan, from over ninety percent Armenian to less than five percent. Observing this transformation, the Armenians of Nagorno-Karabakh, then, had and continue to have a serious fear for their community's existence.

The Soviet Union's pronounced policies of glasnost and perestroika created some hope for the Armenians of Nagorno-Karabakh. In 1987, the movement for self-determination in Nagorno-Karabakh picked up new force with another petition for relief signed by almost the entire adult population. In February 1988, massive demonstrations took place, not only in Nagorno-Karabakh, but also in Armenia, where approximately one million people peacefully protested in support of fundamental human rights for the Armenians in Nagorno-Karabakh.

In response, shortly thereafter the Azerbaijanis countered with pogroms against Armenians in the city of Sumgait. The perpetrators went unpunished and the violence against not only Armenians, but also Russians and Jews, living in Azerbaijan continued. Outside Nagorno-Karabakh, approximately 360,000 Armenians lived in Azerbaijan, many of whose families had been there for generations. In the fall of 1988, tens of thousands of Armenians living in Azerbaijan were forced to vacate their homes. These refugees fled to Armenia and became some of the most tragic victims of the December 7, 1988 earthquake. This earthquake leveled almost forty percent of Armenia, leaving over 25,000 dead. Despite this human tragedy, Azerbaijanis continued using violence to silence Armenians' calls for self-determination in Nagorno-Karabakh. The Soviet Union's central government distinguished itself here by permitting the Azerbaijani campaign of violence to continue. In August 1989, Azerbaijan imposed a rail blockade on Armenia which continues to this day. Eighty-five percent of Armenia's supplies are supposed to come by rail through Azerbaijan, and the blockade has not only choked off regularly-scheduled supply deliveries but also crippled international earthquake rehabilitation efforts.

In January 1989, the central government established a special administration outside Azerbaijan's control to govern Nagorno-Karabakh, but eliminated this form of governance in November 1989 under

Azerbaijani pressure. In January 1990, another round of anti-Armenian pogroms took place in Baku, and the twenty to thirty thousand Armenians still living in Azerbaijan had to be evacuated. Soviet troops eventually moved into Baku with the stated purpose of protecting the Armenians, but most objective observers noted that the forces interceded only after the damage had been done and that the forces were more interested in preventing the overthrow of the communist government than protecting Armenians. Interspersed between these major events, battles between Armenians and Azerbaijanis along the borders and in Nagorno-Karabakh escalated as the central government refused to address the issues, did not establish a dialogue among the parties, and failed to provide a legal forum in which disputes could be peacefully and effectively resolved. Today, the situation is as explosive as ever, with Armenians legitimately feeling as though their backs are against a wall and another genocide is on the horizon.

Throughout this process, Turkey has supported Azerbaijan with financial help, diplomatic support, and, according to many, military assistance. While Turkey has not publicly advertised its support of Azerbaijan, generally stating that countries should not interfere in one another's internal affairs, its behind-the-scenes activities are less detached. At the same time, moreover, prominent government officials, including State Minister Konukman, are publicly calling for the renewal of a Turkish empire, which would include Soviet Azerbaijan and by implication what is left of Armenia. Yet if Turkey were a true democracy and committed to democratic principles and rule-of-law, its position on Nagorno-Karabakh would be to support self-determination and an end to Azerbaijan's economic blockade, as the United States and other Western democracies do. Instead, Turkey is acting in a way which not only disregards human rights but also destabilizes the region to the United States' sharp disadvantage. Again, the idea that United States assistance is subsidizing these policies is troublesome and the need to use assistance as more of an incentive for reforms is clear.

Thank you very much.

STATEMENT OF REV. WILLIAM J. BYRON, S.J., CHAIR OF THE BOARD OF BREAD FOR THE WORLD

Mr. Chairman and Members of the Subcommittee, I am William J. Byron, Chair of the Board of Bread for the World, a grassroots Christian anti-hunger movement with more than 45,000 members throughout the United States.

During the sixteen years since Bread for the World was founded, we have consistently advocated, before this Subcommittee and elsewhere, the importance of the quality of United States foreign aid in responding to the needs of the poorest people in the Third World. We have appreciated the efforts this Subcommittee has made to improve the aid the U.S. gives, and to fund important initiatives such as the Child Survival Fund, IFAD, women in development and the Development Fund for Africa. We have also urged the Subcommittee to redirect resources to development assistance rather than military and security-oriented aid, and have been mindful of the support many members of this Subcommittee have shown for this point of view.

Our comments later will discuss the specific programs we believe merit special attention during the Subcommittee's deliberations on funding levels. I would like first, however, to emphasize several key points that undergird our point of view on foreign aid generally as we enter the 1990's.

There can be no denying the importance of events in Eastern Europe, the Soviet Union and the Third World over the last year and a half that profoundly change the outlook for our nation's foreign policy and foreign assistance. The relaxation of tensions and the outbreak of democracy in many areas of the world allow us, pragmatically over the decade ahead, to move closer to a world that can enjoy a profound common security. It is in that spirit of opportunity that Bread for the World has embarked on the **Share the Harvest of Peace Campaign**, the keystone of which is Senator Mark Hatfield's and Dale Bumpers' Harvest of Peace Resolution, S.Con.Res. 91. We appreciate the leadership role that Senator Hatfield has taken as sponsor of the Resolution, and the strong support that Chairman Leahy and Senators Inouye and Harkin have exhibited by cosponsoring the Resolution along with 18 of their colleagues. I would note that an identical Resolution, H.Con.Res. 259, has been introduced in the House by Congressmen Matthew McHugh and Silvio Conte and has 144 cosponsors.

The Harvest of Peace Resolution calls for mutual, verifiable reductions in military spending, with the goal of halving worldwide military spending by the year 2000. It also urges significant reductions in military aid and arms sales, and a more constructive U.S. role in encouraging peaceful settlements of conflicts through regional and international negotiations.

How we choose to allocate this harvest of peace, the fruits of these changes, must be identified clearly to guide our future spending and budget decisions. The Harvest of Peace Resolution says that increased assistance should go to developing nations to overcome hunger and poverty, promote human rights and people's participation in political decisions affecting them, ensure sustainable development and protect the environment. In this effort, Mr. Chairman, you and your Subcommittee play a vital role. We recognize that, during your Subcommittee's deliberations on the 1991 funding levels and allocations for foreign aid, you will be addressing many of the key issues in the Harvest of Peace Resolution.

Likewise, Congress and the Administration need to increase support domestically for programs that address human needs here at home, promote economic conversion for defense industries and their employees, and, certainly, take steps to reduce the federal deficit.

The budget deficit, of course, hangs over all discussions these days, and we recognize the need to address that. But we cannot lose sight of the human needs deficit that afflicts a billion people worldwide who are poor and hungry and more than 30 million people here in this country who live in poverty. We as a nation and a world cannot achieve a lasting common security until that human needs deficit is reduced and eventually eliminated. To focus debate primarily on the U.S. budget deficit, as important as it is, would ignore the critical, daily human tragedy of hunger and poverty that is a growing, not a receding, menace.

Besides the Resolution, our Share the Harvest of Peace Campaign also includes efforts to reduce U.S. military and security aid to conflict regions, specifically El Salvador and the Horn of Africa, and continuing efforts to end apartheid in South Africa. My testimony will address these important military aid issues in more detail later.

The changed circumstances in Eastern Europe, in parts of Central America and Africa and elsewhere in the world create not only new political and economic possibilities, but also strain existing aid resources as the number of claimants for assistance increases. **We urge that the Subcommittee clearly adopt a priority to continue and enhance effective development aid programs to the poorest countries, targeted to poor and hungry people in those countries.** We recognize that countries such as Namibia and Nicaragua are emerging from times of severe conflict, and we believe that effectively targeted reconstruction and development aid now can help poor people and their groups in those countries overcome the tragedy of hunger and poverty that past U.S. policies have exacerbated. Yet the limited realm of development assistance funding cannot become the stage on which large-scale economic rewards are given to all the "emerging democracies" around the world. While the United States cannot ignore the needs of particular countries that are moving toward more democratic forms of government, we believe that adequate funding must be still be found for the regions where the needs are greatest and for the effective, life-saving programs that have had an important impact on the well being of the world's children. These are the very programs that will, in the longer run, help ensure that all our children live in a more trusting, secure world.

I would like to turn now to the specific programs and areas where we believe the Subcommittee should provide particular attention.

Recommendations

We have four categories of recommendations: 1) reducing overall levels of military and security aid; 2) increasing funding and enhancing bilateral and multilateral aid programs; 3) reducing the debt burdens of poor countries; and 4) supporting changes in the IDA IX Replenishment.

1. Reduce overall military and security aid in Third World countries and aid that perpetuates conflicts and human rights violations. Specifically:

a) Cut-off or significantly reduce military-related aid to El Salvador.

b) oppose the administration request for $900,000 each to Sudan and Somalia for military training as well as the request for $3 million in development assistance to Somalia. Condition all future non-humanitarian aid to those countries on the implementation of peace agreements negotiated between these governments and the opposition groups and on substantial improvement of human rights.

c) Oppose all loans not given for humanitarian purposes from the World Bank and the International Monetary Fund to Sudan, Somalia and Ethiopia until peace agreements are implemented and human rights are improved.

2. Increase funding and enhance bilateral and multilateral aid programs.

a) Increase the Development Fund for Africa to $1 billion. Include policy language that improves the effectiveness of the development fund for Africa, requiring: i) 10 percent minimum levels of assistance for priority areas of education and natural resources and additional funds above that level for health; ii) reporting requirements on the nature and results of consultation with poor people and its impact on development programs and projects; and iii) more effective Congressional monitoring of sectoral aid for policy reform to ensure that policy changes benefit poor people.

b) Provide $85 million for the Southern African Development Coordination Conference without country restrictions against Mozambique or Angola.

c) Provide $15 million for Namibia to promote development in critical areas such as agriculture, health, education and housing.

d) Provide $375 million for Migration and Refugee Assistance, specifically for refugee assistance.

e) Support the Administration request for $74.5 million for the Child Survival Fund and increase A.I.D. Health Assistance to $125 million.

f) Support the Administration request for the Agency for International Development's Women in Development office. The Administration has requested no funding for the United Nations Development Fund for Women (UNIFEM) and the International Research and Training Institute for the Advancement of Women (INSTRAW), two organizations that provide valuable assistance to Third World women. We urge you to appropriate at least $2 million for UNIFEM and $500,000 for INSTRAW.

g) Appropriate no less than $30 million for the International Fund for Agricultural Development (IFAD) which provides valuable financing and technical support for small scale farmers.

3) Reduce Debt Burdens of Poor Countries: Support initiatives which provide significant debt relief for Third World countries. Currently under Section 572 of the FY '88 Foreign Aid Bill several African countries are receiving relief from development and economic support fund debts owed to the U.S. We urge you to support provisions which provide additional debt relief for the poorest countries and relief for heavily indebted middle-income countries. Eligibility for debt relief should be based on a country's promotion of equitable, participatory and environmentally sustainable reform and development policies.

4) Support changes in the IDA IX Replenishment: Work to ensure that legislation related to the IDA IX replenishment includes provisions on: a) targeting aid to the poorest of the poor; b) a comprehensive plan for involvement of non-governmental organizations representing poor people in the design, implementation and evaluation of all projects and programs; c) support for the United Nations Economic Commission for Africa's alternative framework for structural adjustment and a refocusing of adjustment loans on promoting equitable and sustainable development.

What follows is further elaboration on these positions.

1. Reduce overall military and security aid in Third World countries and aid that perpetuates conflicts and human rights violations.

At a time when the world is experiencing a reduction in cold war tensions and interest in conflict resolution is mounting, we can reverse U.S. foreign aid priorities by investing more in development assistance and less in military assistance. We should also carefully consider the types of aid given in conflict situations, to ensure that aid does not perpetuate those conflicts.

El Salvador

Since 1980 the U.S. has given El Salvador $4.5 billion in aid, equalling an estimated $1.4 million per day. The majority of this aid has been bankrolling a ten year-old civil war which has had a devastating effect on the Salvadoran people, especially those who are poor. Since the civil war began, an estimated 70,000 people have been killed, thousands detained and tortured, and over a million people displaced from their communities in El Salvador. During this same period, GNP per capita has declined 25 percent and unemployment and underemployment rose to 40 percent. According to UNICEF, 87 out of every 1000 children in El Salvador die before the age of five, 60 percent of the population is without access to safe drinking water and 56 percent is without access to health care.

Recently the crisis escalated. In response to the November FMLN offensive the government launched a counter-assault. Poor civilian neighborhoods of San Salvador were bombed and scores of church workers and trade unionists were harassed, detained and sometimes tortured. Six prominent Jesuits and their two associates were brutally murdered by the Salvadoran army. In spite of international outrage over this incident the investigation of the Jesuit murders and other human rights cases is completely stalled.

Our nation's policies have been instrumental in bringing about the crisis that El Salvador now faces. The United States must change course and ensure that its policies bring peace to this tragic situation. Only a significant reduction in military aid and strict conditions on the remaining military and economic aid will convince the Salvadoran government to negotiate a peaceful solution to the war and allow for the emergence of a genuine democracy in El Salvador. Recently the House overwhelmingly passed a provision to withhold 50 percent of U.S. military aid to El Salvador. **We urge you to vote for a cut-off or a significant reduction in military aid to El Salvador and condition the remainder of U.S. aid on significant improvements in human rights and progress towards peace.**

The Horn of Africa

Famine looms large over the Horn of Africa while fighting escalates and human rights violations continue. Five million people in Eritrea and northern Ethiopia, 5.6 million people in Sudan and 500,000 people in northwest Somalia live at risk of starvation largely because of protracted civil wars, which have their roots in unrepresentative governments, inequitable distribution of wealth and resources, poor agricultural policies and underdevelopment.

The governments of these countries have resorted to policies of tribalization (arming tribal groups to fight each other) and human rights abuse, and have sought external aid to strengthen their military positions. Poor people, especially women, children and older people, have suffered disproportionately and benefit least from economic and security aid given during times of conflict. Fighting in the last few months in Sudan and Ethiopia has hampered relief efforts and heightened the risk of starvation for millions of people.

U.S. economic and security aid to Sudan and Somalia amounting to more than $1.4 billion over the last seven years has brought neither peace, sustainable development, nor lasting relief of human suffering to these two countries. We are pleased that most U.S. economic and military aid to Sudan and Somalia has now been halted. **We strongly urge the continued halt of non-humanitarian aid to Sudan and Somalia until peace is achieved and human rights are improved. We urge this committee to oppose the administration's request for $3 million for development assistance to Somalia and $900,000 for military training each to Sudan and Somalia.**

The United States recently supported loans from the World Bank amounting to $80 million for Sudan, $96.1 million for Somalia, and $75.2 million for Ethiopia. We oppose World Bank assistance to these governments because of the continued fighting and human rights violations in their countries. It is questionable whether loans to these governments, as a show of support, actually benefit poor people when given in the context of escalating internal wars. Economic aid seldom stimulates economic growth or development when large amounts of a country's resources and foreign aid are contributing to destructive regional and civil wars. **We urge the committee to direct the U.S. executive directors of the World Bank and the International Monetary Fund to oppose loans for non-humanitarian purposes to Sudan, Somalia and Ethiopia until peace is achieved and human rights are improved.**

2) Increase effective bilateral and multilateral aid programs: the Development Fund for Africa; SADCC; Namibia; Migration and

Refugee Assistance; the Child Survival Fund, A.I.D. Health Assistance; Women in Development; and IFAD.

The Development Fund for Africa (DFA)

U.S. assistance to sub-Saharan Africa has declined over the years. From 1980 to 1986 sub-Saharan Africa received an average of $1.6 billion annually from the United States. In 1990 the level of assistance had decreased to $907 million. The changing situation in Eastern Europe and the readiness of the United States to respond with substantial amounts of assistance has raised fears about further decreases in U.S. assistance to sub-Saharan Africa. Our concerns about assistance to sub-Saharan Africa are both quantitative and qualitative.

Africa continues to experience a severe economic crisis. Rising debt burdens, a precipitous fall in commodity prices and wars and famine in some countries have all contributed to increased human suffering in the region. Over the past several years family incomes have declined sharply. Malnutrition has risen massively, food production has fallen relative to population, and the quality and quantity of health and education services have deteriorated. Africa's people still experience the highest infant mortality and the lowest life expectancy worldwide. Unemployment and underemployment have increased. Famine and war have made 4.5 million people refugees and millions of others displaced persons.

While the level of U.S. aid to Africa has been falling, the budgets of African governments have also been substantially reduced in human needs areas. In many cases health budgets have been reduced by thirty percent and even more, because of recession and the debt crisis, with severe damage to primary health care delivery systems. Despite serious threats to health facing African countries, such as AIDS, malaria and guinea worm disease, and lack of access to safe drinking water, U.S. health assistance to Africa has been reduced to a very low level in spite of these extremely pressing health needs.

A ten percent target for health funding is an extremely modest target for two reasons. First, health and child survival for 1990 are 15 percent of A.I.D.'s total spending under development assistance to the rest of recipient countries worldwide. Second, and even more important, Africa's health needs are great.

Bread for the World supported the establishment of the DFA in the 1987 Continuing Resolution because we thought it would redress past disproportionate cuts in economic assistance to Africa. We also thought it would be guided by policy language that would assure a sustainable, equitable and participatory approach for U.S. foreign assistance. In the absence of authorizing legislation, we are concerned that there is not sufficient guidance to ensure that poor people are consulted about the design and implementation of development programs and projects and that poor people are not adversely affected by economic policy reforms. We also urge that minimum levels of assistance for the critical sectors of health, education and natural resources be prescribed. **We urge you to increase the DFA to $1 billion and to include policy language that will improve its overall effectiveness. We urge you to require 10 percent minimum levels of assistance for the priority areas of education and natural resources and that additional funds above that level be made available for health. We urge you to adopt more accountability and evaluation provisions, such as reporting requirements.**

Southern African Development Coordination Conference (SADCC)

South Africa's agreement to withdraw from Angola and Namibia and end its assistance to UNITA are steps toward an end to the era of South African destabilization in the southern Africa region. It is important, now more than ever, that the United States increase its support for SADCC's goals of regional development and recovery from South Africa's campaign of economic and military destabilization. As an association of nine majority-ruled states of southern Africa, SADCC works through regional cooperation to improve transportation, communication, energy conservation, development, food security and mining.

South Africa's campaign of destabilization has resulted in total estimated losses to member states of more than $50 billion from 1980 to 1988, as documented by UNICEF and the Economic Commission on Africa. Destabilization has meant direct war damage, extra defense spending, higher transportation costs, higher energy costs, reduced productivity through rural terrorism, assistance for displaced persons and refugees from neighboring countries, excess costs of South African goods and inequitable trading arrangements with South Africa. The human costs have been great, including 1.5 million refugees, 6.1 million internally displaced people and another 4.5 million people also dependent on food aid. The total number of dead resulting from South Africa's destabilization of the region had reached 1.5 million by the end of 1988. UNICEF reported that over half of these fatalities were children under five.

In the past, Mozambique's and Angola's access to U.S. contributions to SADCC has been restricted. Denying aid to member countries that coordinate SADCC priorities (e.g., Mozambique coordinates regional work on transportation and Angola coordinates regional work on energy conservation and development) denies critical aid to all SADCC states and helps to ensure their continued economic dependence on South Africa. We anticipate that Mozambique which now has "friendly nation" status with the U.S. will not be restricted in FY '91. **We urge an increase to $85 million in U.S. assistance to SADCC without country restrictions against Mozambique or Angola.**

Namibia

On March 21, 1990 independence was officially declared in the new Republic of Namibia. Namibia, which adopted a multi-party system and the most democratic constitution in Africa, joins a host of newly emerging democracies around the world. The United States has responded to newly democratic governments in eastern Europe with aid amounting to more than $430 million. In comparison, the $7.9 million for FY '91 requested by the administration for Namibia is insignificant at best. As broker of the tripartite peace accord of December 1988, which provided for Namibian independence from South Africa, the United States has a responsibility to assist Namibia as it takes its first steps as an independent democratic country.

Namibia has to overcome the destruction caused by the war in its northern region and the remnants of apartheid structures. Development is especially needed in the critical sectors of health, agriculture, education and housing. We thank this committee for approving an additional $10 million for FY '90. **We urge you to provide no less than $15 million for Namibia for FY '91.**

Migration and Refugee Assistance

The number of worldwide refugees has increased by 50 percent over the last five years. The refugee situation in Africa is critical. Of the 15 million worldwide total more than 4.5 million refugees are in Africa, primarily in the war-torn Horn of Africa and southern Africa. Decreasing contributions to international refugee programs such as the United Nations High Commissioner for Refugees (UNHCR), the World Food Program (WFP) and the International Committee of the Red Cross (ICRC) has hampered the capacity of these agencies to provide crucial services and meet increasing needs. There is a downward trend in per capita contributions to UNHCR, for example. While the number of worldwide refugees has increased by 50 percent, the UNHCR budget has grown by only 25 percent. The U.S. share of contributions to UNHCR has not kept up with the need and has decreased to 22 percent from 27 percent over the past five years. The new High Commissioner, Thorvald Stoltenberg, recently stated, "I can't fulfill my mandate. Levels of care are falling. I have only half the resources per refugee today we had in 1980." The High Commissioner's staff reported in 1989 that refugee children are suffering from acute malnutrition, education for refugee children is inadequate and water quality is poor. They also reported that basic items such as blankets, tents, cooking utensils, heating and cooking fuel are in short supply. **We urge you to increase the U.S. contribution to Migration and Refugee Assistance to $375 million for refugee assistance.**

Child Survival Fund and the U.S. Agency for International Development Health Account

The U.S. Agency for International Development has played a significant role in helping reduce the number of children who die from preventable diseases, spending almost $200 million a year from a variety of sources on child survival efforts. The worldwide effort has increased the immunization rate for vaccine preventable childhood diseases to 60 percent. However, combatting malnutrition has been neglected in child survival efforts in the 80's. Bread for the World wishes to see this problem receive greater attention in the 90's and believes that A.I.D. can contribute by revitalizing its nutrition program. **We support the Administration's request of $74.5 million for the Child Survival Fund and we urge an increase to $125 million for A.I.D. Health Assistance.**

Women in Development

Women are vital to economic activity in Third World countries, producing more than half their countries' food, for example. In spite of attempts over the last two years to assist A.I.D. to increase the number of women that its projects benefit, we find that improvements are still needed. **We urge you to support the Administration's request for an increase in funding for the Agency for International Development Women in Development office, increase funding to UNIFEM to $2 million and to $500,000 for INSTRAW.**

International Fund for Agricultural Development (IFAD)

Bread for the World continues to support IFAD for its grassroots focus to encourage more effective agricultural development for small scale and landless farmers. **We urge the committee to provide no less than $30 million for IFAD.**

3) Reduce the Debt Burdens of Poor Countries

The debt burden and economic adjustment programs continue to be a significant barrier to development in Third World countries. The poor indebted countries are now sending $50 billion more a year to the creditor nations than they are receiving in new aid and trade revenues. Each of these dollars spent in debt service payments is not available for investing in development and essential social services such as health care and education.

Between 1981 and 1988 real per capita income declined in absolute terms in almost every country in South America. The debt burden has been particularly onerous for the poorest countries, primarily located in Sub-Saharan Africa. Per capita income is only three-quarters of its 1970 levels. According to UNICEF the poorest Sub-Saharan African countries spend 50 percent less on health care and 25 percent less on education than they did in the early 1980's. World Bank projections for the early 1990's indicate no per capita growth in this region.

Several important initiatives have been taken in recent years to address the debt crisis, including the "Brady Plan" and Section 572 of the FY '88 Foreign Aid Bill. We applaud the Foreign Operations Subcommittee for your leadership in the passage and implementation of Section 572, which authorized the Administration to offer debt relief to some of the least developed countries. According to A.I.D., 14 African countries are currently slated to benefit from this provision. However, additional debt relief is still needed if debtor countries are going to have resources to invest in development. **We urge the**

Committee to support provisions offering additional debt relief to the poorest countries.

We are also concerned about the requirement that countries have World Bank or IMF structural adjustment policies to be eligible for debt relief. While we and others recognize that many nations' policies must be reassessed and changed, we are concerned that as currently designed many structural adjustment policies have not promoted poverty alleviation and sustainable growth in many countries. A House Foreign Affairs Subcommittee, in a March 1989 staff study report on Ghana and Senegal, asserts that if adjustment programs are to survive, poverty alleviation must become a central concern in their design. Their report along with numerous studies by the United Nations and non-governmental organization have documented increasing poverty, unemployment and hunger in countries with World Bank and IMF adjustment policies.

We believe that the feasibility of adjustment relies on broad-based growth that includes the poorest of the poor--who constitute a large percent of the populations of poor countries. Several proposals for alternative economic reform programs coming from Third World countries argue that structural adjustment policies can be redesigned to involve and benefit poor people. For example, the United Nations Economic Commission for Africa (ECA), in a proposal endorsed by the finance ministers of Africa, argues for policy reforms promoting "structural transformation" rather than structural adjustment. Structural transformation would emphasize increasing food self-reliance, correcting the inequitable distribution of assets and income, reducing unhealthy dependence on a few exports, and promoting regional economic cooperation and trade. Poor people would play a key role in the decision-making under this structural transformation process. The ECA is currently working with several African countries to help them develop alternative policy reform programs. **We urge the committee to base eligibility for debt relief on a country's**

promotion of equitable, participatory and sustainable development.

4) Support Changes in the IDA IX Replenishment.

The International Development Association (IDA) was established as a "soft-loan" window of the World Bank in 1960 in order to make concessionary financing available to countries which were too poor, or whose credit worthiness was too precarious, to qualify them for the Bank's regular loans. While BFW and many other religious and development organizations have been supportive of IDA in the past, we are increasingly concerned that many IDA loans are not benefitting poor people, particularly the poorest of the poor. In addition, many NGOs have been critical of the use of IDA loans to leverage and support economic policy reforms which have not served the interests of poor people and which have had a particularly negative impact on the lives of women and children.

BFW along with other members of the Development Bank Assessment Network (which includes among its participants some 15 religious, development and environmental organizations) are urging Congress and the U.S. Executive Director to promote several changes in IDA lending programs that will make them more appropriate and responsive to the needs of poor people and of a healthy environment. Some of these key changes include:

1) a comprehensive plan for eliciting the views of local people in all recipient countries and systematically factoring those views in the design, implementation, and evaluation of all projects and programs, including structural adjustment programs.

2) social impact assessments conducted on a routine basis, by independent parties, of at least 50 percent of IDA programs and projects;

3) a sharp decrease in structural adjustment lending and a plan for lowering the percentage in every country to under 10 percent of total IDA lending to that country;

4) a refocusing of the remaining structural and sectoral adjustment lending toward the following objectives: promoting food security, increasing the access of the poor to productive assets, encouraging national economic self-reliance, emphasizing production for local needs and deemphasizing export production, developing community-based enterprise, and strengthening the quality and delivery of essential social and technical services. **We urge the Subcommittee to ensure that legislation relating to the IDA IX replenishment includes provisions that incorporate these policies.**

Mr. Chairman, Bread for the World appreciates the opportunity to present these views, and I am prepared to answer the Subcommittee's questions at this time.

STATEMENT OF THE CAMPAIGN TO OPPOSE THE RETURN OF THE KHMER ROUGE

The Campaign to Oppose the Return of the Khmer Rouge is a temporary, national emergency campaign endorsed by 46 humanitarian relief, church, public policy and Cambodian organizations. Its work is centered on the belief that the Khmer Rouge leadership and organization, as the perpetrator of genocide, has no moral right to a place or role in the future of Cambodia. The corollary principle advocated by the Campaign is that United States policy should support a settlement of the Cambodian crisis based on the exclusion of the Khmer Rouge as a mility/political entity.

Following these principles, the Campaign has identified and resolved to seek, ten essential changes in United States policy (see attached statement of purpose.)

The Campaign notes that the revision of Cambodia policy announced on July 18 by Sect'y of State James Baker included only two of these issues, namely withdrawal of diplomatic support and support of the United Nations seating from the Cambodian resistance coalition which includes the Khmer Rouge.

While Secretary Baker specified that this change of U.S. policy on the UN seat was undertaken largely to reduce Congressional opposition to continued US funding of the non-communist resistance, the Campaign calls for termination of U.S. military aid, lethal and non-lethal, to any faction which insists on the inclusion of the Khmer Rouge in a political settlement. We also call for an immediate ceasefire by all parties and an end to all military aid to all parties.

In preparing to mark up its foreign aid appropriations bill for 1991, the Foreign Operations Subcommittee faces a serious legal and moral obligation to end the present scandal of U.S. subsidy of the military operations of factions which fight on the side of and in coordination with Pol Pot against a common enemy, the Phnom Penh government. That regime is widely acknowledged to be the only extant physical barrier against a Khmer Rouge return to power.

The profound violations of logic and of morality in this policy were cited in stunning repetition on July 20, 1990 before the East Asian and Pacific Subcommittee. There former Secretary of State Muskie summed up the anguished assessment of Campaign supporters around the U.S. when he said, "The U.S. government could have on its record, if not on its conscience, the death of a nation."

The campaign would only emphasize here these points:
1) Continuation of overt U.S. aid to the allies of the Khmer Rouge places us comprehensively on the side of that genocidal regime. It is simply not possible to separate a nation's military from its diplomatic alliances.

2) The international impact of this alignment far exceeds its battlefield consequences. It explains in part, for example, the United States failure to pressure China seriously and publicly to stop arming the Khmer Rouge. How could such an appeal, even if it were made, be taken seriously when we are militarily supporting the latter's battlefield allies?

3) This aid clearly violates the legal prohibition against direct and indirect aid to the Khmer Rouge. Since the early months of 1990 the U.S. aided forces have created an undeniable record in the international press of cooperation and coordination with the Khmer Rouge. A wide range range of orginal sources and news organizations can be found in these citations.

4) The solid backing of U.S. aid, covert and overt, has created a strong disincentive for the non-communist forces to separate from the Khmer Rouge. The brief moments of independent action realized at Tokyo in early June have already been banished by Sihanouk's backward turn to rejoin the 'quadripartite' position of the Khmer Rouge....Committee meembers should ponder the fact that Congress adopted the "Solarz money" policy without ever seriously considering the option of urging the Sihanouk and Son Sann to side with Phnom Penh against Pol Pot !

The out of hand rejection of this course-has meant only one thing: the priority of U.S. policy was, and is, to oppose Vietnam rather than the Khmer Rouge.

The Campaign urges the Foreign Operations Subcommittee to join its counterpart in the House in recommending a termination of all aid to the belligerent factions in Cambodia and a redirection of funds to international efforts to achieve peace (such as international supervision of free elections, repatriation of displaced persons.)

In addition to addressing the U.S. funding which is directly involved in the civil/guerrilla war in Cambodia, the Campaign urges the Subcommittee to examine the other distinct and separately funded operation which, since 1982, has contributed significantly to the resussitation of the Khmer Rouge as a fighting force and to the development of the two minor guerrilla factions. This is the United Nations Border Relief Operation. The voluntary U.S. contribution to UNBRO falls under Appropriations Committee jurisdiction.

We understand that the 1989 U.S. contribution was some $10.6 million or approximately one sixth of UNBRO's total budget. This figue is reduced from the U.S. share of earlier years. $5 million was pledged during the first half of 1990.

The Campaign's Statement of Purpose reads:

> "We urge our government to prevent all U.S. humanitarian aid to the Thai-Cambodian border camps from any continued use as a political or military tool by the Khmer Rouge or their allies."
>
> "Press the UNITED NATIONS to provide all Cambodians in border camps with official refugee status, with proper United Nations protection, and with the free choice of relocating to a neutral site awaiting the opportunity for safe repatriation or resettlement abroad."

Since 1982 these 'displaced person' camps have been permitted to function as military staging grounds for the Khmer Rouge and their allies. Further,by the late 1980's overwhelming (but not widely reported) evidence has accumulated that the camps of all three factions are essentially military concentration camps where basic human and civil rights and ordinary police protection are denied, and where no legal system exists to protect residents from gross abuse by the military and by criminal elements.

Such evidence has been reportedby returning relief workers, journalists, medical teams, academics, and Human Rights monitoring groups. A definitive report on human rights abuse in the KPNLF camps (as well as the KR camps) is to be found in the 1989 publication of the Lawyers Committee for Human Rights (NYC),Refuge Denied.

Year after year, the U.S. has contributed a substantial portion of the budget which essentially feeds and minimally services military prisoners. It is has been established that considerably less than half of the 300,000 residents of the 11 border camps are immediate family members of the factions' soldiers. Freedom of movement and freedom of information are emphatically denied.

It is not surprising that the UNBRO mechanism has served the political and military purposes of resistance coalition which has held the UN seat since 1982. It is time for Congress not only to examine, but to repudiate the role of U.S. funding in this system.

The second half of 1990 is expected to usher in a period of radical transition for the Thai border camps. If the Coalition loses its UN seat, the political basis of the status quo will be removed. If there is a peace settlement, the rationale for the camps will be removed. The UN has recently sent a team into Cambodia to study repatriation.

However, none of these happy conclusions are anywhere near realities yet. In fact the camps have been flooded this Spring by tens of thousands of new refugees from the increased fighting within Cambodia.

The Thai government is reported to be preparing to act on the proposal of Prime Minister Chatichai Choonhavan to establish one 'neutral camp' - a proposal which the U.S. Administration did not support. In order to encourage Thai action on this project, the UNBRO donors (about 28 nations) reportedly have reduced their funding pledges - creating what is now becoming a fiscal and humanitarian crisis - in the midst of this situation of diplomatic, political and military flux.

In the absence of badly needed hearings on this topic, the Subcommittee should request a very thorough briefing on this complicated situation from the State Department and their U.S. representative to UNBRO -as well as from well informed refugee advocacy organizations.

The Campaign recommends that the Subcommittee should determine how U.S. voluntary funding can be used to relieve what is now a new and growing humanitarian emergency on the Thai border without continuing to underwrite the military control of these border populations by the Cambodian resistance factions. In spirit at least this approach would be dictated by the standing human rights restrictions on all forms of US foreign aid.

We conclude by pointing out two further questions which are prompted by recent news reports:

1) Will the opening of one 'neutral camp' (for 100,000 residents) within Thailand, while four existing border camps are closed, become the occasion to add significant population to the resistance controlled zones just over the border, within Cambodia? Announcements by the Thai Supreme Command have strongly suggested this possibility. "Push backs" of this sort have been engineered by the Khmer Rouge from their border camps.

2) Given the possibility of a long political interim while peace negotiations for Cambodia continue to be drawn out, what kinds of guarantees can there be that UNBRO funds and resources will not be drawn into the faction controlled zones within Cambodia? Already - there have been public requests for U.S. aid within these zones. (The Campaign has seen one proposal made earlier this year that funds from the U.S. McCollum Program be used to provide government transportation for goods collected privately within the U.S. to be flown into the "liberated zones.")

To summarize:

The Subcommittee should insist on the State Department's provision of the most accurate, updated briefing possible in order to determine how US funding can address emergency humanitarian needs emerging from the changing situation on the Thai/Cambodian border. At the same time the subcommittee should be resolved to to terminate and repudiate the long status-quo whereby the US contribution to UNBRO has subsidized military concentration camps and significantly contributed to the military rebuilding of Pol Pol Pot's forces.

Campaign to Oppose Return of the Khmer Rouge
318 4th Street NE
Washington DC 20002
(202) 544-8446

Statement of Principles

We believe that the Cambodian people have a right to self-determination and to a free, neutral, and independent Cambodia. The Cambodian people must decide their own future. However, we also believe that as a perpetrator of genocide against the Cambodian people, the Khmer Rouge has no moral right to a place in the future of Cambodia.

We therefore believe that the policy of the United States Government should support a settlement of the Cambodian crisis based on the exclusion of the Khmer Rouge as a political/military entity.

Based on this Statement of Principles, The Campaign to Oppose Return of the Khmer Rouge will seek the following changes in United States Government Policy. We urge our government to:

1) Seek to exclude the "Coalition Government of Democratic Kampuchea" (CGDK) -- dominated by the Khmer Rouge -- from the United Nations and to leave Cambodia's seat empty pending a negotiated settlement and/or free and fair elections.

2) End United States diplomatic support and de-facto recognition of this or any coalition which includes the Khmer Rouge.

3) Stop U.S. military aid, both lethal and non-lethal, to any Cambodian faction which insists on including the Khmer Rouge in a political settlement.

4) Support a ceasefire by all sides and call for an end to all military aid to all parties.

5) Prevent all U.S. humanitarian aid to the Thai-Cambodian border camps from any continued use as a political or military tool by the Khmer Rouge or their allies.

6) Press the United Nations to provide all Cambodians in border camps with official refugee status, with proper United Nations protection, and with the free choice of relocating to a neutral site while awaiting the opportunity for safe repatriation or resettlement abroad.

7) Use U.S. diplomatic influence with China to urge termination of all Chinese aid to the Khmer Rouge.

8) Support Thailand's initiative for a zone of peace in Indochina and use U.S. influence with Thailand to end Thai collaboration with and support for the Khmer Rouge military effort in Cambodia.

9) Remove the current United States aid and trade embargoes on Cambodia so that urgently needed relief, reconstruction and development assistance can reach the Cambodian people.

10) Encourage and support international efforts to bring to justice Pol Pot and the major Khmer Rouge leaders for the crime of genocide in keeping with obligations incumbent on the United States as a signator of the Genocide Convention.

JOURNALISTIC DOCUMENTATION OF MILITARY COOPERATION AND COORDINATION BETWEEN THE U.S. AIDED FORCES OF SIHANOUK (ANS) AND OF SON SANN (KPNLF) AND THE KHMER ROUGE ARMY (NADK)

Sixteen Newspaper and Radio Broadcast References

1. MARCH 15, 1989 *Los Angeles Times*
Report of Sihanouk's press conference in Beijing at which he was joined by Khieu Samphan. "A major purpose of the news conference was to announce the formation of a "high council for National Defense" headed by Sihanouk, to ensure cooperation between the three resistance forces."

2. DECEMBER 19, 1989 *New York Times*
("Sihanouk Explains his High Wire Role in the Awkward Cambodian Coalition"). "It is also true, (Sihanouk) says that the non-communist forces are more and more coordinating their military activity in Cambodia with the Khmer Rouge....! You say if we continue to cooperate with the Khmer Rouge on the battlefield, the outside world may condemn us, and it's true...' ".

3. DECEMBER 26, 1989 *International Herald Tribune*
(Reuters) ("Cambodia Guerrillas Mount Attacks") "U.S.-backed Cambodian guerrillas said Monday that they had combined forces with the Communist Khmer Rouge in fresh attacks on the Cambodian government, overrunning five government positions."

4. JANUARY 1, 1990 *New York Times*
(Robt. Pear) "Khmer Rouge is said to Share Military Operations with Non-Communist Foes." (Report of interview with Hun Sen) "The Prime Minister said Khmer Rouge Guerrillas had gotten American made anti-tank weapons from the non-Communist forces despite Washington's assertion that such arms transfers had not occurred....Mr. Hun Sen displayed M-16 rifles and grenade launchers that he said had been seized in October from Khmer Rouge guerrillas: he said that the guerrillas had obtained them from Prince Sihanouk's army and that the weapons had been seized in fighting."

5. JANUARY 18, 1990 *Bangkok Post*
January 19, Radio VONADK (Cambodia - Khmer Rouge Army Radio) These two reports, respectively listed in Foreign Broadcast Information Service (FBIS) record public announcements of responsibility for the capture of the same military target, Varin District Seat, Seam Reap Province by both Sihanoukist and Khmer Rouge armies. (FBIS-EAS-90-012, FBIS-EAS-013)

6. JANUARY 23, 1990 *The Nation* (Bangkok)
(Reported in FBIS-EAS-90-015) ("Resistance Forces Launch Offensive on Sisophon")
Phnum Malai-Cambodia--The three Cambodian resistance forces have launched a multi-pronged attack on the outskirts of Sisophon, a Khmer Rouge Commander said yesterday....The commander said he learned that other Cambodian resistance factions closed in on Sisophon from other directions shortly after the Khmer Rouge mounted the offensive."

7. JANUARY 24, 1990 *The Straits Times*
(Tan Lian Choo, Bangkok Correspondent) (Cambodian resistance forces 'penetrate three key provinces'"). "In a briefing by the Thai Supreme Command, a spokesman said the fighters from the resistance grouped under the Coalition Government of Democratic Kampuchea, have, over the past month, stepped up ambushes and attacks in Kampong Thom, Kampong Cham and Kampong Speu provinces.)

8. JANUARY 25, 1990 *International Herald Tribune*
("A Resurging Khmer Rouge - Units operating alongside Non-communist Guerrillas.") Philip G. Smucker "TA PHO", Cambodia... The Khmer Rouge and the non-communists are engaging in joint military operations;...Non communist military leaders decry the presence of (Khmer Rouge) Gen. Su and his men in such civilian areas. But a week of interviews with Khmer Rouge non-communist commanders revealed their close collaboration on the battlefield south of Ta Pho north of Sisophon....The Khmer Rouge and the non-communists all fighting to overthrow the Soviet backed regime of Mr. Hun Sen, said they were cooperating with one another by means of artillery support, radio communication and strategy meetings."

9. FEBRUARY 1, 1990 *Agence France Press*
("U.S. Envoy 'Warned' Sihanouk about Khmer Rouge") "Beijing, Feb. 2 (AFG) - The U.S. ambassador to China, James R. Lilley, has warned Prince Norodom Sihanouk that his alliance with the Khmer Rouge could have harmful consequences, a well informed source said here Thursday....A spokesman at the U.S. Embassy here confirmed that Mr. Lilley had spoken with the Prince 'within the past 15 days'.... Also on Thursday, the Prince made available to the press a letter from his son, Prince Ranariddh, sent from Bangkok and dated Jan. 30. In it Prince Ranariddh said he had been 'greatly discouraged' after being 'clearly warned' by an unidentified

ambassador in Bangkok of the 'serious consequences of our 'cooperation and rapprochement' with the Khmer Rouge.'" (FBIS-EAS-90-022)

10. FEBRUARY 9, 1990 *Washington Post*
(Keith B. Richburg) "Non-Communist Rebel Faction in Cambodia Relying on Khmer Rouge" (Bangkok)... "Diplomats said that in recent weeks, the army of Prince Norodom Sihanouk has increased military cooperation and supply sharing with the Khmer Rouge, despite objections from the United States and other Western backers of the non-communists....One diplomat said the Khmer Rouge is sending bullets to Sihanouk's army and the two groups are cooperating on tactical support, intelligence-sharing and artillery support during battlefield operations."

11. FEBRUARY 4, 1990 *New York Times*
(Steven Erlanger) "Cambodia Factions Said to Link Armies" "... Spokesmen for one of the non-Communist factions, the Khmer Peoples' National Liberation Front deny such cooperation, but Western diplomats say the front coordinates strategy with the Khmer Rouge on battlefield objectives and shares military intelligence....American diplomats in Bangkok are sensitive to the problems raised by the cooperation, and have objected to it, fearing that Congress may cut off funds for the non-Communists."

12. FEBRUARY 23, 1990 *Associated Press*
"Hun Sen Says Talks With Sihanouk were Productive." (Bangkok) "...On Thursday, the Khmer Rouge guerrilla group cited what it said were three recent battlefield operations it launched 'in cooperation with Sihanouk guerrillas....The Khmer Rouge army radio, monitored in Bangkok, said the two forces cooperated in attacking government positions in Northwestern Siem Reap province in one operation on February 14 and two operations on Feb. 15."

13. FEBRUARY 24, 1990 *Associated Press*
(Nate Thayer) "Halt in Chinese Weapons Shipments Cripples Khmer Guerillas" (Bangkok) "The (Liberation Front) commanders said the shipments ceased after a meeting in early December in which Chinese officials requested closer cooperation with the Khmer Rouge."

14. FEBRUARY 27, 1990 *The Nation* (Bangkok)
"Capture of Airport Reported" "Aranyapathet, Prachin Buri Province - The Khmer Rouge and Sihanoukian National Army mounted simultaneous attacks on a string of government bases in an effort to halt the government's troops' ferocious advance on their resistance ally's key stronghold in Western Cambodia, the sources said....Thai military sources two allied resistance groups, the Khmer Rouge and the forces loyal to Prince Sihanouk, yesterday launched a series of attacks designed to reduce pressure on the KPNLF." (FBIS-EAS-90-39)

15. MARCH 6, 1990 *Voice of Democratic Kampuchea*
(Clandestine radio - in Cambodian) "Ranariddh Says Resistance 'Cooperating Well'" "Prince Ranariddh, commander in chief of the Sihanoukist National Army (ANS) and personal representative of Samdech Norodom Sihanouk in Cambodia and Asia, recently said the three Cambodian national resistance forces are currently cooperating well in fighting the Hanoi Vietnamese enemy aggressors." (FBIS-EAS-90-046)

16. MARCH 30, 1990 *Agence France Presse*
(Hong Kong, English) "Resistance Groups Reportedly Increase Cooperation" "The Marxist Khmer Rouge guerrillas and their non-communist allies loyal to former Cambodian monarch Prince Norodom Sihanouk have stepped up joint military operations in northwestern and central Cambodia, a senior Khmer Rouge officer said Friday (March 30). The officer who requested anonymity, said that since January military officers of the two resistance groups have been 'closely coordinating' their military actions against troops of the Phnom Penh government." (FBIS-EAS-90-62)

SUMMARY

REPORTS AND AUTHORITATIVE REFERENCES TO MILITARY COOPERATION AND COORDINATION BETWEEN U.S. AIDED RESISTANCE FORCES AND KHMER ROUGE

WHO ARE THE SOURCES ?

Sihanouk himself	(3/15/89, 12/19/89, NYT 11/15/89)
Sihanouk's son & Commander of ANS forces, Prince Ranariddh	(3/6/90)
U.S. Ambassador to China, James R. Lilley	(2/1/90)
Prime Minister Hun Sen	(1/1/90)
The Thai Supreme Command	(1/24/90)
"Thai military sources"	(2/27/90)
"U.S. backed Cambodian Guerrillas" interviewed by Reuters	(12/26/89)

"Khmer Rouge and non-communist commanders" interviewed by Int. Herald Tribune reporter, Philip Smucker (1/25/89)

Khmer Rouge Army Radio monitored by AP, others in Bangkok (1/18/90, 2/23/90

"Diplomats" interviewed in Bangkok by Washington Post reporter, Keith Richburg. (2/9/90)

"Western diplomats" interviewed in Bangkok by NYT reporter, Steven Erlanger (2/4/90)

Khmer Rouge military commanders (1/23/90, 3/16/90)

IS SUCH REPORTED MILITARY COOPERATION A VIOLATION OF U.S. LAW ?

The opinion of Rep. Stephen Solarz as expressed to Undersecretary Richard Solomon at the Asian & Pacific Affairs subcommittee hearing of Feb. 22, 1990:

> "LET ME SAY TO YOU, MR. SECRETARY, AS SOMEONE WHO PARTICIPATED IN THE WRITING OF THAT LANGUAGE (the prohibition against direct or indirect US aid to the Khmer Rouge) THAT I THINK IT WAS CLEARLY THE INTENT OF THE CONGRESS TO LAY DOWN A MARKER TO THOSE WHO MIGHT BE RECEIVING OUR ASSISTANCE, THAT THEY COULD NOT EITHER SERVE AS A CONDUIT FOR THE ASSISTANCE TO THE KHMER ROUGE IN WHICH OUR ARMS WOULD PASS THROUGH THEM AND END UP IN KHMER ROUGE HANDS, BUT NEITHER COULD THEY ENGAGE IN DIRECT MILITARY COOPERATION WITH THEM AND IF THEY WERE TO DO SO, I THINK WE WOULD FEEL THAT WAS A VIOLATION OF THE RESTRICTION, AND IT WOULD OBLIGATE US TO TERMINATE OUR ASSISTANCE."

[From the Nation (Bangkok) June 29, 1990]

1000,000 to be Transferred to Neutral Camp

ABOUT 100,000 Cambodian refugees from camps along the border will initially be moved to a neutral camp to be set up at Khao I Dang, Supreme Command Spokesman Lt Gen Naruedol Dejpradiyuth said yesterday.

The proposal to move Cambodians from O-Salao, Site K, Sok Sann and Site B to the neutral camp came from the National Security Council and other agencies, he said.

He said that preparatory work was under way, and stressed the need for money from the United Nations and countries that had helped in the past.

The work "depends on prompt financial support," he said, adding that any delay in funding would slow the work.

He said the Supreme Command's Joint Operations Centre and UN agencies would manage the camp.

Some donor countries had reportedly suspended aid for the training of Cambodians in border camps pending progress on the neutral camp project.

Asked if some of the Cambodians may be reluctant to be transferred to Khao-I-Dang, the spokesman said no, because the neutral camp would train them for their eventual return to Cambodia.

Anyone who resists the move to the neutral camp faces being sent back to Cambodia. He did not elaborate.

He said Khao-I-Dang was chosen at the request of UN officials. The military had wanted the neutral camp to be set up inside Cambodia or closer to the border.

UN agencies insisted that the neutral camp, proposed by Prime Minister Chatichai Choonhavan in March, should be free of intimidation, armed attacks or military use by any of the Cambodian factions.

[From the Nation (Bangkok) June 29, 1990]

Cambodian Refugees Face Relocation Soon

MORE than 100,000 displaced Cambodians being sheltered at four border camps will be relocated to a neutral camp at Khao-I-Dang in Prachin Buri province soon, Supreme Command spokesman Naruedol Dejpradiyuth said yesterday.

Lt Gen Naruedol said the Cambodians would be moved from Site K and Suksan camps in Trat, and Otrao and Site B in Surin.

Site K and Otrao are run by the Khmer Rouge, while Suksan is administered by the Kampuchean People's National Liberation Front, and Site B by the Sihanoukist National Army. The three resistance forces are fighting to overthrow the Vietnamese-installed Phnom Penh government.

At present, about 270,000 Cambodians are being sheltered in 11 encampments controlled by the three resistance forces along the Thai-Cambodian border.

"The four border camps would be closed down once the neutral camp is established at Khao-I-Dang," Naruedol said.

The spokesman said Cambodians who choose to stay with any one of the three resistance forces would be asked to leave Thailand.

"Those who don't want to go to the neutral camp could live on the Cambodian side of the Thai-Cambodian border, which is now safe for civilian settlement," he said.

The neutral camp plan was initiated by Prime Minister Chatichai Choonhavan purportedly to solve long-standing problems of widespread human right abuses and corruption among camp administrators.

Naruedol said the Cabinet is expected to finalize the neutral camp proposal soon.

The camp would be run by the United Nations High Commissioner for Refugees.

■ A senior naval officer alleged yesterday that some officials from international refugee relief organizations are involved in smuggling Vietnamese and Cambodian refugees into Thailand.

Col Narithi Krabuanratn, a spokesman for the Chanthaburi-Trat border task force, said the international relief officials are part of a group which has been bringing the refugees to centres in Thailand by boat.

According to Narithi, at least three businessmen from Trat's Khlong Yai district arranged for the refugees to be taken in fishing boats to the Trat and Chanthaburi coastline. The refugees were then taken to the refugee centre in Chon Buri province by van, which involved bribing local officials and refugee workers.

The officials received about Bt15,000 for a refugee who reached the centre and Bt60,000 to 70,000 if he or she was brought to Bangkok, the spokesman charged.

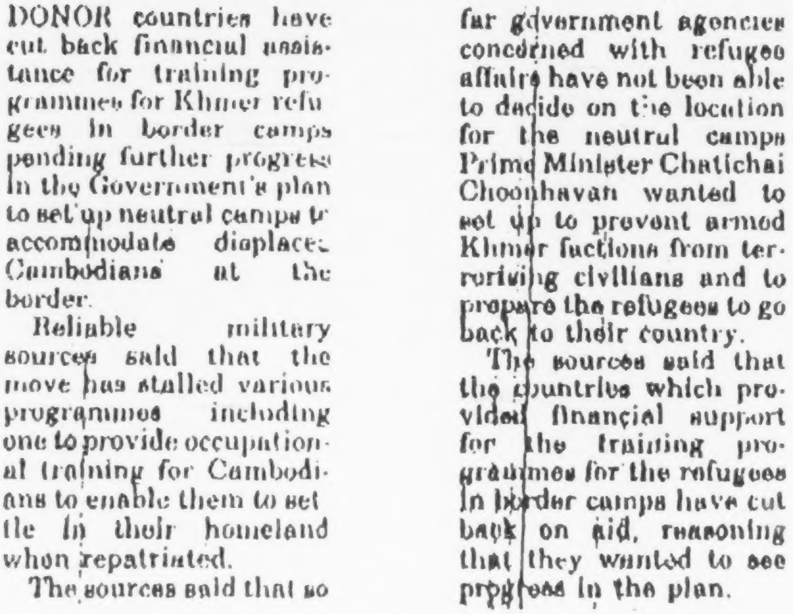
However, he declined to name the refugee workers or organizations.

Narithi said this month alone 233 refugees were caught after being illegally brought into the country, indicated a sudden increase in the lucrative smuggling business.

He said during the same period 670 Vietnamese boat people arrived at Chonburi, Rayong, Chanthaburi, Trat and Pattani provinces.

[From the Bangkok Post, June 26, 1990]

Funds for Refugees Slashed



DONOR countries have cut back financial assistance for training programmes for Khmer refugees in border camps pending further progress in the Government's plan to set up neutral camps to accommodate displaced Cambodians at the border.

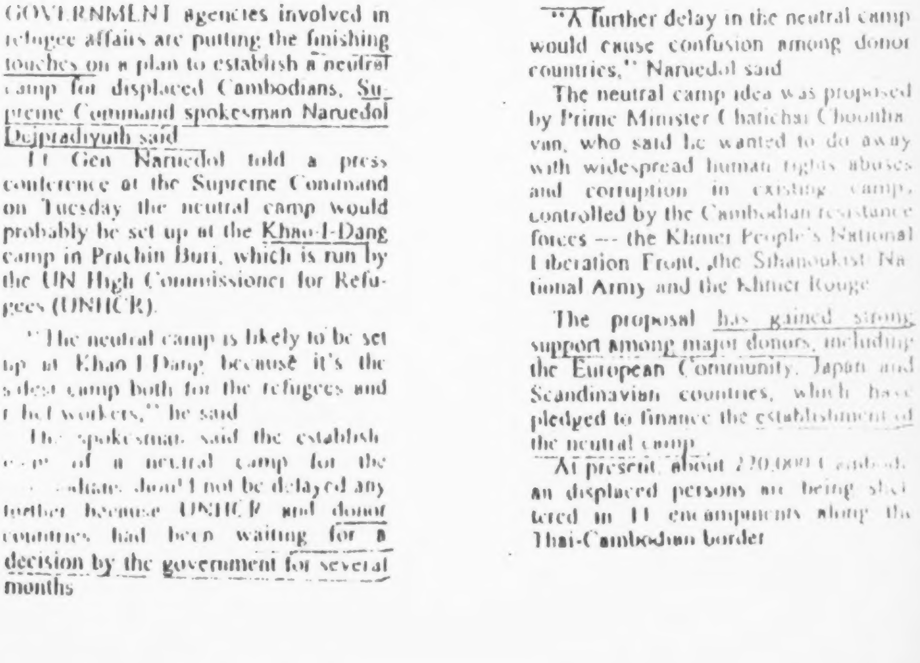
Reliable military sources said that the move has stalled various programmes including one to provide occupational training for Cambodians to enable them to settle in their homeland when repatriated.

The sources said that so far government agencies concerned with refugee affairs have not been able to decide on the location for the neutral camps Prime Minister Chatichai Choonhavan wanted to set up to prevent armed Khmer factions from terrorising civilians and to prepare the refugees to go back to their country.

The sources said that the countries which provided financial support for the training programmes for the refugees in border camps have cut back on aid, reasoning that they wanted to see progress in the plan.

[From the Nation, (Bangkok) June 28, 1990]

Government Finalizes Plans for Neutral Refugee Camp



GOVERNMENT agencies involved in refugee affairs are putting the finishing touches on a plan to establish a neutral camp for displaced Cambodians, Supreme Command spokesman Naruedol Dejpradiyuth said.

Lt Gen Naruedol told a press conference at the Supreme Command on Tuesday the neutral camp would probably be set up at the Khao-I-Dang camp in Prachin Buri, which is run by the UN High Commissioner for Refugees (UNHCR).

"The neutral camp is likely to be set up at Khao I Dang because it's the safest camp both for the refugees and relief workers," he said.

The spokesman said the establishment of a neutral camp for the Cambodians should not be delayed any further because UNHCR and donor countries had been waiting for a decision by the government for several months.

"A further delay in the neutral camp would cause confusion among donor countries," Naruedol said.

The neutral camp idea was proposed by Prime Minister Chatichai Choonhavan, who said he wanted to do away with widespread human rights abuses and corruption in existing camps controlled by the Cambodian resistance forces — the Khmer People's National Liberation Front, the Sihanoukist National Army and the Khmer Rouge.

The proposal has gained strong support among major donors, including the European Community, Japan and Scandinavian countries, which have pledged to finance the establishment of the neutral camp.

At present, about 220,000 Cambodian displaced persons are being sheltered in 11 encampments along the Thai-Cambodian border.

[Excerpts From the Draft Report of the Lawyers' Committee for International Human Rights]

The KPNLF and Human Rights

'With a population of more than 165,000 Cambodians and 6,000 Vietnamese, Site 2 is the second largest Cambodian city...[and] is considered to be the most lawless and dangerous of the border encampments'. One-third of the population is under ten years of age. (pp. 30-33)

Reports of rapidly deteriorating social conditions include "more than 10 suicide attempts a month... in Site 2 South alone... people leaping into steep ditches or hanging themselves;" increasing child abuse, with "children under ten years old coming in with venereal disease"; and 'harassment by security guards known for violent abuses' (pp. 30-1)

In a June 13, 1988 letter to the United Nations High Commission for Refugees, 'a group of relief workers...stated [that] "violence/harassment in Site 2 has increased 100 percent since last year", and added that "arbitrary enforcement of rules and laws by security and military forces must end". 'The absence of law enforcement, combined with the presence of hundreds of disenfranchised guerrillas, has caused security experts to predict a potential armed revolt within the camp.' (pp. 31, 35)

'KPNLF administrators, responsible for internal camp security... have been repeatedly criticized for violent and illicit behaviour. Armed brigands often linked to black market smuggling operations have terrorized camp residents. Nearby Thai villages have been similarly victimized by Khmer gangs carrying automatic weapons and rocket-propelled grenades. Kidnapping rings that reach into Cambodian communities in the United States have demanded ransoms for abducted family members. Victims of extortion who resist are threatened with violent retaliation. There is no enforceable legal system in the camp to protect victims of these abuses.' (p. 32)

During the first quarter of 1988, '249 victims of violence were treated in camp hospitals'. 'An additional 110 victims were reported in May...compared to 456 cases for all of 1987... 54 percent were outside-of-family incidents.' 'Hundreds of other victims do not report.'

On May 5, 1988, Reverend Joan Hill Dezhad of Lutheran Immigratin Services in St. Paul, Minnesota, reported letters from Site 2 refer to rapes by Thai rangers and KPNLF guerrillas: 'especially at night there is an atmosphere of fear because of armed guerrillas living in the camp'. (p. 33)

'Rapes in Site 2 are a common occurrence, ... at least ten per night', but relief workers say that "victims won't speak against people with guns". (p. 34)

'Relief officials have observed an increase in cases of violence and sexual abuse during periods when large numbers of KPNLF guerrillas are present in the camp. However, without an enforceable legal system in the camp, only the most serious incidents are reported. Typical of this problem was the reluctance of KPNLF officials to apprehend a military officer who on November 15, 1987, threw a hand-grenade at his wife.' 'The explosion killed a four year-old boy and wounded seven other persons.' (pp. 35-6, 44) 'On March 18, 1988, two people were arrested following a grenade incident that wounded one person... However, without a formal judicial process, such offenders are usually released.' (p. 46)

'In discussions with Thai and KPNLF officials the Committee has found a disturbing lack of enthusiasm... to enforce a legal code within the camp.' 'The Front's political leader, Son Sann, has conveyed to the Committee a willingness's to address reports of human rights violations committed in KPNLF's areas of control.' However, 'KPNLF leaders loyal to Son Sann, such as Chhea Chut and his deputies, are known to have systematically abused asylum seekers.'

A dissident military faction, led by General Sak Sutsakhan, 'has waged a two-year campaign to seize control of the KPNLF from Son Sann. Control of the camp's population is a central aspect of the power struggle.' (p. 37)

'In the past, when UNBRO and the ICRC have complained to KPNLF leaders about violent abuses, robberies, or other specific incidents, either nothing was done to punish offenders or summary executions may have been performed. Neither KPNLF political head Son Sann. nor military chief Gen. Sak Sutsakhan, who also head the feuding factions of the Front, have been able to control abuses by their forces.' (p. 46)

[T]he civilian leadership has been reluctant to investigate alleged abuses by its own officials', including 'abuses by the Security Officer at Site 2 appointed by Son Sann', despite 'efforts by relief officials and camp residents to protect a 19 year-old girl from this Security Officer'. 'In May the Officer sent soldiers to abduct the young woman. Through June, concerned camp residents have hid the young woman in a different location each night.... Son Sann allegedly refused to reprimand or relieve the Security Officer to prevent "ruining the morale" of his faction.'

'In January 1987, KPNLF Commander-in-Chief Sak Sutsakhan publicly acknowledged that some KPNLF troops had plundered Site 2. In the presence of Thai authorities, Sak said that he would try to impose stricter control over undisciplined troops. However, in May 1988, after the military dismissed human rights allegations against two of its officials, Gen. Dien Del and Hing Kanthon, the civilian leadership of the Front challenged the findings...' (p. 49)

'Relief workers express concern that known perpetrators of violence against women or children, especially in Site 2 South, are consistently released after only "a few days" of confinement by camp administrator Thou Thon' [of Sak Sutsakhan's faction]. (p. 38)

'Corpses have been discovered near Site 2. Some, carrying weapons, are believed to have been involved in black market activities... Illicit trade is dominated by Khmer warlords and KPNLF officials... gunfights have sometimes erupted.' 'International humanitarian workers reported... having witnessed incidents during 1987 where donated rice was transported out of Site 2 via black market on the same day that it arrived in the camp.' (pp. 41-2)

[D]omestic crime remains rampant without rule of law, particularly when armed resistance forces are involved.' Serious protection problems [are] posed by large numbers of KPNLF soldiers or deserters in Site 2. Their presence continues to be a major cause of violence and lawlessness. Some relief officials estimate that up to 4,000 armed KPNLF combatants may be inside the civilian camp at any given time.' (p. 44)

'Satellite bases ... for KPNLF military units along the border ... became known as the "hidden border". Bases such as Nong Chan, ruled by Chhea Chut, and Rithisen (Nong Samet) and Chamkar Ko, ruled by Liv Ne, became centers for massive smuggling, extortion and violent abuses against Cambodians and Vietnamese. Relatives of asylum seekers held against their will began receiving extortion demands from Thailand.'

'A US Embassy memorandum of August 22 1986 documented 'unmistakable signs on the part of KPNLF soldies in the area of Nong Chan to use Land Vietnamese (and Cambodian) arrivals at the border for purposes of extortion.' (p. 49)

In 1987, nine guerrilla commanders -- including Chhea Chhut and Liv Ne -- those most highly criticized by human rights organizations -- werer promoted to the rank of general as a "new attempt to heal the rift in the organization".' (p. 46)

In March 1988, unresolved human rights abuses by the Front caused the U.S. government to threaten to halt all aid to the KPNLF unless Chhea Chut and Liv Ne were removed from the border.'

'Although Chut and Ne were restricted to a KPNLF residence in Bangkok, there has been no indication that they will face prosecution for their many alleged abuses.' 'Chut and Ne's command posts have been filled by long-time associates who have been integral players in the abusive activities along the "hidden border".' (p. 47)

In their June 1988 letter to the UNHCR, the relief workers called for "increased accountability of those funding and supporting the border programs and protection systems". 'A number of violent incidents in the camp stem from... the abundance of available weapons.' (pp. 35-6)

'In April 1988, in the Ampil section of Site 2 North, protection officers collected 90 grenades, 20 AK-47 rifles and 1,000 bullets diring a one-day "reward for ammunition" scheme. A former medical volunteer in Site 2 told the Lawyers Committee that she was able to purchase fourteen grenades for four dollars in the Nong Chan section's black market.... the availability of military weapons is increasing.' (pp. 45-6)

[From the Boston Globe, Apr. 3, 1990]

U.S. Called an Obstacle in Effort to Protect Cambodian Refugees

(By Mary Kay Magistad)

BANGKOK, Thailand - Efforts to separate Cambodian civilians from rebel combatants on the Thai-Cambodian border by creating a neutral refugee camp are being hampered by the United States, according to aid officials here.

Thai Prime Minister Chatichai Choonhaven called last month for designation of a neutral camp and for a speedy return home for the 300,000 Cambodian refugees in camps on the Thai-Cambodian border.

But US officials have "dragged their feet" on moves that would save refugees from being pressed into the ranks of Cambodian rebel groups, one Western aid official said.

For more than a decade, the Cambodians on the border have been used as political pawns in a game of geopolitics.

Young men are still being drafted for front-line duty in a guerrilla war against the Vietnamese-allied government in Phnom Penh. Women and children are often made to carry food and ammunition into the war zone, which is infested with land mines. Hundreds of civilians have died from land mine injuries and malaria during these journeys.

Aid officials say a neutral camp would allow refugees a chance to stand on their own, to escape some of the horrors of war and to raise hope that an end to their exile is in sight. But at least one of the major powers backing the rebels appears to be balking, officials said.

"The US seems to be afraid that the guerrillas it supports are going to suffer if the civilians under their control are finally allowed to exercise their free choice and move elsewhere," said an aid official. "The point is: So what? If the civilians don't want to be there, they shouldn't be forced to stay."

Calls to end the system under which Cambodian guerrillas govern civilian refugee camps along the Thai-Cambodian border are not new.

Earlier complaints ignored

Those concerns were ignored, though, before Vietnam ended its 11-year occupation of Cambodia last September and before the Cambodian resistance had its chance to strike out against the Hun Sen government that the Vietnamese left behind.

The three factions - the Khmer Rouge and the US-backed forces of Prince Norodom Sihanouk and the Khmer People's National Liberation Front - succeeded in taking pockets of sparsely populated territory in northern and western Cambodia. But they have taken no major towns and had no stunning victories. The Cambodian conflict has dragged on as a deadlock.

Meanwhile, the more than 300,000 Cambodian refugees - about half of them children - are trapped in camps on the Thai-Cambodian border. And many of them want to get out.

Dozens of aid officials from those border camps and from Phnom Penh met last week in Bangkok to discuss how, when and whether to set up a neutral camp as a step toward helping the Cambodians finally go home to Cambodia.

"Refugees have come to us, no longer feeling at ease where they live," said Urs Boegli, International

Committee for the Red Cross delegate in Thailand. "In a sense, they want to become refugees from their current camp."

Camp selected as haven

The suggested solution is to convert Khao I Dang - one of the original border camps under the UN High Commission for Refugees - into a nonpartisan camp. It would be open to any of the Cambodians now living in the eight UN-assisted border camps who want to come.

Some of the details could hold up the plan indefinitely, however. Pierre Jambor, representative of the commission, estimated that expanding Khao I Dang and moving Cambodians who want to transfer to a neutral camp would cost about $3 million to $4 million more than the current border operation. So far no one has volunteered to put up the money.

Meanwhile, US Embassy officials in Bangkok said they are concerned that if plans go forward too quickly, the guerrillas - and especially the Khmer Rouge - could decide to move some of the civilians under their control into Cambodia and completely out of reach of the United Nations.

This has already happened to many Khmer Rouge camps in Thailand, Thai and Western border sources said. In recent weeks, the Khmer Rouge are thought to have moved tens of thousands of civilians from such camps into Cambodia. Refugees who have escaped from the camps have described them as harsh work camps, where civilians are punished if they refuse to contribute to the Khmer Rouge war effort.

STATEMENT OF MRS. ORVILLE FREEMAN, MEMBER OF THE BOARD OF DIRECTORS OF CARE

CARE appreciates the opportunity to present this written testimony to the Senate Appropriations Committee's Subcommittee on Foreign Operations regarding fiscal year 1991 appropriations.

CARE increasingly views itself as part of a global non-governmental movement, which believes that the greatest threats to international security are poverty, hunger, ignorance and injustice. We are proud that the new government in Poland grew out of a non-governmental organization, viz., Solidarity, with major support from our own AFL-CIO. We thank the Congress for its recognition of the vital role of the U.S. non-governmental organizations in international development and reconstruction. CARE is one of many U.S. NGOs which, in addition to its strong base of private support, works in partnership with the Agency for International Development in a number of developing countries.

As you and your Subcommittee continue the demanding task of determining appropriations for foreign assistance for FY 1991 we would encourage you to give serious attention to the implications of the changing context of East-West relations and the opportunities it gives us to look afresh at what the priorities in our foreign assistance account could and should be. It seems at long last that we have reached a turning point.

Over the past decade, U.S. international assistance has steadily shifted from development and humanitarian assistance to far more emphasis on military and security aid. At the same time, economic and social development in much of the world, particularly in the developing countries, have slowed or even retrogressed. We have seen two-thirds of the world's governments spend more on defense than on combatting the ill health and disease of their people; one-third of the world's governments have spent more to support their military prowess than they have on education and health care combined. We would hope that the U.S. could begin to contribute to the reversal of this trend.

We recognize the overall budget constraints under which the Congress is working, as well as the specific budget limitation for the international assistance account. We would like to make it very clear that we are not asking the Committee to consider a higher level than that imposed by budget requirements. We are asking, though, that the Committee restore the pre-1978 balance between development and humanitarian assistance and military-security assistance.

We believe it to be in our national interest to allocate a larger percentage of our total foreign assistance resources to environmental, health, population, agricultural, and income generating programs in the developing world. Surely, there is still much that can be done, even with funding constraints, to secure a greater balance in the distribution of limited resources in favor of those countries with high infant mortality rates, inadequate caloric intake, low per capita income, and crushing debt problems.

We think that you share our concern, Mr. Chairman, that the U.S. ranks only seventeenth among the eighteen OECD countries in providing official development assistance as a percentage of GNP. The explanation has been that this is a result of our shouldering such a large part of defending Europe. Now that such priorities are shifting, we would ask that you, too, shift the balance of our foreign assistance more towards development and an investment in a new spirit of international cooperation which focuses on the resolution of our common problems.

Ironically, the security which most of the developing world's poor seek is economic, social, and food security. The appropriation and allocation of our resources must strongly address these most basic conditions of insecurity if there is to be any meaningful and sustainable security for all of us. In FY91, we should allocate no less than 50% of our foreign aid appropriation to these areas of human security, with the strong intent that the percentage will be increased each year until the U.S. is contributing annually no less than .07% of its GNP towards international development by 1999.

We would also ask that the Committee take the very bold step of transferring 10% of the ESF requested for Israel and 5% of the ESF requested for Egypt for FY1991 to the development assistance accounts and the DFA for use in countries that meet the poverty criteria established by the World Bank; i.e., those countries with annual per capita incomes of $545 or less. Both Israel and Egypt have the capacity, competence, and experience to assist the poorer developing countries with technical assistance in agriculture, land reclamation, and rural development--assistance they are already providing. In light of the limited funding we have available for our entire foreign assistance budget and the overwhelming human development needs in the world, it hardly seems equitable or morally just that more than one-third of our assistance goes to only two countries.

We would like to recommend to the Committee the adoption of foreign assistance goals that would act as criteria in the appropriation of the 150 account:

1. The promotion of equitable development, including the alleviation of the worst physical aspects of poverty and of the conditions causing the poverty.

2. The fostering of the capabilities of developing countries that will enable them to achieve greater economic self-reliance and to participate equitably in the international economic system.

3. The promotion of improved environmental, natural resource, and agricultural management, as well as family planning services to enable developing countries to achieve environmentally and economically sustainable patterns of development.

4. The encouragement of development processes in which political, social, and economic rights and pluralism are promoted.

5. The establishment of a new concept of security that is based on more than just legitimate defense measures. A definition of security that means that all people have a chance to meet their basic needs for food, shelter, health care, education, and work with dignity; that they have the opportunity to live in a safe and healthful environment and are able to enjoy basic human rights, including the right to participate in decisions that affect their lives.

We believe that these are the criteria and goals which Americans most value and support. They are also fundamental to meaningful and sound people-to-people oriented development, which promotes training, education, credit, health, and environmental programs and projects that help the developing world's poor in their own efforts to achieve social and economic well-being.

We would recommend that the U.S. should give priority to those countries with which we can share a common commitment to these goals and criteria for development. These countries would enter into agreements with the U.S. to meet specific goals for which both parties would be held mutually accountable. Knowing that many countries currently lack the capacity to collect and analyze the data necessary to measure progress towards meeting those agreed upon goals, provision should also be made to assist these countries to develop their capacities to conduct meaningful evaluation and accountability assessments. Additional funding resources in subsequent years would be contingent upon meeting those goals.

In January and March of this year, I had an opportunity to visit some of CARE's projects in Bangladesh and India (Orissa). In Bangladesh I visited with a number of rural destitute, landless women, who for the first time were earning a wage for maintaining the earthen roads in and around their villages. In fact, nationwide there are 66,000 such women participating in this road maintenance project sponsored by CARE. Much of the income these women earn goes toward the purchase of food, the improvement of family diet, and the education of their children. The maintenance of the roads keeps vital transportation and commerce links open between the national network of roads and the tens of thousands of villages serviced by earthen roads. The important work of these women also reduces some of the sisphyian aspects of repairing the roads after each monsoon season. This project was started by CARE and local communities in 1984 on an experimental basis with funds provided by the Agency for International Development. It was later expanded to its present size with assistance from the Canadian International Development Agency and a contribution from the communities benefiting from the project.

In Orissa (India), I visited the Indian equivalent of headstart centers, known as the Integrated Child Development Services (ICDS) centers. The services offered at ICDS centers are supplementary nutrition, health examination, primary health care referral, immunization, nutrition and health education and non-formal pre-school education. In cooperation with the Government of India, the Agency for International Development and ten Indian State Governments, CARE-India reaches about 8 million children attending ICDS centers daily with supplementary food. Each child receives a daily ration of slightly less than three ounces of food; the ration is doubled for those children suffering from third and fourth degree malnutrition. A similar double ration is also given to pregnant and lactating women. CARE monitors the provision of this supplementary nutrition component of the ICDS program through its network of competent staff and in coordination with the ten state governments.

By the year 2000, the Government of India's objective is to have an ICDS center in every administrative block of the country. The ICDS centers I visited were in villages which by any known standard would be classified as impoverished. The centers were well attended, often overcrowded, but I was truly impressed by the centers' directors and community supporters I spoke with, who were contributing in time, kind, and money to the centers.

I mention these personal experiences, Mr. Chairman, because in the past you and the members of this Committee have supported NGO efforts to secure funding for improving the development impact of food aid programs, particularly for planning, evaluation and the building of local capacity in the Sub-Saharan countries of Africa. The need for these funds still exists. Last year, my husband, Governor Orville Freeman made this point in his testimony presented on behalf of CARE before the House Select Committee on Hunger:

"There is an increasing need for dependable, multi-year dollar funding for NGOs to do feasibility studies, improve the development impact of Title II programs and carry out long and short term evaluation. NGOs cannot be expected to operate developmentally sound or logistically consistent food programs without multi-year commitments of food and dollar funding. Without these commitments, programs suffer, and the intended beneficiaries and our counterparts pay a price. Surely, this modest investment in the effective planning and management of over $600 million in food aid resources is needed, reasonable and wise."

Last year, this Committee specifically requested funding support for food aid enhancement and development grant programs. We would ask that the Committee again support these food aid grants at a level of $10 million for FY 1991.

In addition, Mr. Chairman, I am convinced that we have a great opportunity to enhance the impact of our development assistance funds and our food aid resources when we begin to integrate their use. I saw this in Bangladesh where hundreds of thousands of rural landless men receive wheat instead of wages for repairing monsoon damaged earthen roads. To this effort, AID provides funds for the construction of culverts and small bridges so as to reduce recurring damage to the same road system.

During fiscal year 1989 and again in fiscal year 1990, CARE requested the Committee to encourage the funding of the Office of Private and Voluntary Cooperation of AID at the level of $60 million. Centrally funded child survival programs, cooperative development programs, matching grants and food aid program support grants are all funded out of this office of AID. Funds provided through this office to non-governmental organizations are usually highly leveraged by the NGOs for projects that also include the goal to increase local capacity and competence to manage development programs. We request the Committee to fund this Office at $60 million for fiscal year 1991, with $10 million designated for food aid program support grants, half of which should be made available for innovational programs and for planning and strengthening existing programs, particularly in Sub-Saharan Africa. We would also request that no less than $15 million from the Child Survival Fund be administered through PVC to support the child survival programs of NGOs as this Committee has requested in the past. During this time of budget constraint, we are well aware of the steps this Committee has taken to protect the people-to-people programs of NGOs. We recognize and deeply appreciate the continuing interest and support of this Committee.

Mr. Chairman, CARE strongly supports those facets of our international assistance program which improve the health and economic condition and opportunities of women. There are a significant number of women benefiting from the microenterprise credit program which has strong support from the Congress. On my recent trip to Bangladesh and India, I saw many examples of women, given the opportunity, making significant improvements in their lives and the lives of their families. In addition, many of CARE's projects throughout the developing world involve some level of primary health care. Here our focus is on mothers and children. We have been working with parents and local communities to improve the potential and the quality of lives of children and mothers long before the child survival revolution had a name. However, we feel that more attention needs to be directed to the critical role of women and mothers in this worldwide effort--especially on improving the health of women and girls. In addition to other health interventions in the decade ahead, CARE will lay greater stress on providing family planning and reproductive education to the many women who are desperately seeking such information.

Mr.Chairman, we would also like to express to you and to this Committee our appreciation for your commitment and support of women in development. We would ask that you continue to fund women in development at no less than $5 million in FY 1991. We know that you will be just as pleased as we will be when we tell you what a difference both the legislation, with its strong report language, and the funding have made over the past two years in U.S. assistance programs for women in development. More positive action has taken place in the past 18 months than in the previous ten years--we are particularly encouraged at this point by these signs of real progress at AID. Your continued attention to and interest in this area remain of great importance.

As the Committee considers appropriations for the next IDA replenishment, we urge the Committee to encourage the World Bank to accelerate its efforts to operationalize several proposed policy changes with respect to the world's poor:

All IDA recipient governments should have poverty eradication strategies developed through open and thorough consultation with non-governmental organizations in their respective countries. All IDA loan proposals, and especially those submitted to carry out economic policy reform, should include supporting documentation indicating the short and medium term impact on:

1. The incomes of the poor, and their access to land and other productive assets.

2. The access of women to basic health services and young people to education.

3. The quality and delivery of essential social and technical services, including programs of primary health care, nutrition, credit and training.

IDA loan proposals which would weaken any of these areas should be changed so as to have a measurable, positive effect on the poorest segment of the borrowing countries' population. As well, Mr. Chairman, we would question whether it is appropriate for IDA funds to be used for debt servicing or for structural adjustment as it is doubtful that these uses benefit or serve the interests of the poor. In fact, all too often it has been found that these uses have had a particularly negative impact on the lives of the poor--especially, women and children.

The role of the World Bank in international development is a matter of record. However, we believe its commitment and the commitment of borrowing countries to and implementation of stronger poverty alleviation measures in the IDA lending program are essential and appropriate.

Mr. Chairman, I thank you for this opportunity to present written testimony to you . Our CARE staff will be pleased to work with your staff on any of the specific recommendations outlined above. We take this opportunity to invite you and your colleagues on the Senate Foreign Operations Subcommittee to visit our projects overseas, many of which are being carried out as a result of combined private funding and appropriations from the Congress.

STATEMENT OF CHRISTINA COBOURN, COLUMBAN FATHERS, JUSTICE AND PEACE OFFICE

Mr. Chairman, I appreciate this opportunity to testify about the Philippines. I want to thank you and the other members of the Subcommittee for your concern about human rights abuses, as well as your efforts to direct U.S. development assistance toward programs benefitting ordinary people and designed to arrest the rapidly deteriorating environmental situation in the Philippines. My name is Christina Cobourn, and I monitor human rights violations and economic and political developments in the Philippines for the Washington office of the Missionary Society of St. Columban.

The Society is an international Catholic mission organization with nearly one thousand priests and lay workers serving in seventeen countries. There are 159 Columban priests assigned to parishes throughout the Philippines; most are in rural areas. While politically non-partisan, we are deeply concerned about the effects of government policies on ordinary people. Our office receives regular and reliable information from Columbans, the Philippine Catholic Church, and a wide range of credible sources. I, myself, worked in the southern Philippines from 1983 until 1986 with Philippine church development agencies under the auspices of the Mennonite Central Committee, and returned for a six week fact finding trip in 1988.

Since its formation in November of 1989, I also have coordinated the Philippine Development Forum, an informal coalition of U.S. environmental, development and religious organizations which collaborates with Philippine non-governmental organizations for the promotion of equitable and sustainable development in that country. Many of the concerns I shall raise here are shared by other members of the Philippine Development Forum, but this testimony represents the views of our office, and not those of the PDF.

Our concerns about the direction of United States policy toward the Philippines have not changed since we testified before this Subcommittee last year. If anything, we are more alarmed by the increasing violence and social disintegration which has occurred. Continued counter-insurgency operations have resulted in the dislocation of numerous rural communities, a pervasive climate of fear, and persistent human rights violations. **There is a consensus across the political spectrum that the roots of the insurgency lie in a highly inequitable distribution of wealth, and power structures which are not responsive to the needs of the country's impoverished majority. Yet efforts to alter these imbalances through a government program of agrarian reform, and grassroots development efforts by non-governmental organizations (NGOs), have met with powerful resistance from landowners who are often supported at the local level by the Philippine military.**

Decreased military spending, coupled with U.S. encouragement of local peace initiatives could have several beneficial effects. Diminished military operations in the countryside in which the civilian population bears the brunt of the violence would help reduce the growing number of casualties, and prevent the uprooting of communities which is fueling rural and urban poverty. Sustainable economic development is an impossible dream when community life is disrupted by warfare, and when even cooperatives and community agricultural projects are suspect by the government military as 'communist-inspired'.

The people of the Philippines want peace. Both the influential Catholic Bishop's Conference of the Philippines and the Protestant National Council of Churches in the Philippines have issued major pastoral letters in the past six months calling for peace. President Aquino has herself declared the 1990's the decade of peace. In at least three areas, citizens groups have painstakingly organized "zones of peace" which have enjoyed some success in preventing operations by both the military and the New People's Army.

The United States should encourage democracy in the Philippines by supporting efforts to promote peace, and encouraging negotiations between the Philippine government and the insurgent groups. Instead of continuing to underwrite an ineffective and destructive military response to the problems of poverty, the U.S. should throw its considerable diplomatic and economic weight behind efforts to seek peaceful change and economic development which will benefit the poor majority.

In light of the particularly damaging role played by the military in stymieing needed reforms, and the increasing threat posed to civilian government by politicized factions of the military, we urge the Subcommittee to make meaningful cuts in both military assistance and Economic Support Funds. We suggest that ESF cuts be transferred to development assistance, with strict requirements that they be targeted for poverty alleviation and sound environmental programs.

Profits Increase, Yet Poverty Spreads

Even after last December's nearly successful military coup attempt, and the subsequent political instability, investment flows and economic expansion has not slackened. Large corporations reportedly are making handsome profits. "Exports in the first quarter of ...[1990] still expanded 9% from the year-ago levels. Industrial expansion has not sputtered: imports of capital and intermediate goods jumped 28% in the first quarter of the year. ... President Corazon Aquino's statement in one of her speeches abroad seems to be true: 'Manila is a place to make a fortune.'"[1]

Yet recent poverty studies have revealed that this economic activity has not benefitted the poor majority. Rather, double-digit inflation since 1988, insufficient job creation and slow agricultural growth have eroded wage increases, and perpetuated severe hardship throughout the country. The gap between rich and poor remains as wide as ever, and in seven out of twelve regions of the country, poor families receive an even smaller share of income than they did in 1985. A University of the Philippines School of Economics study found that 30% of the population subsists on the equivalent of $50 a month for an average family of six, far less than the bare minimum calculated for basic needs. While underemployment is a serious problem, adding to poverty levels, even minimum wage earners in Manila do not make enough to make ends meet.[2]

The Philippines has, according to a 1988 World Bank study, "one of the most unequal income distributions among middle income countries."[3] The study estimated that the top 20% of the population controlled 51.1% of the total income of the country. **This persistent pattern of skewed income represents, in our view, the greatest threat to the country's long term stability. Yet little is being done to alter the severe maldistribution of wealth. The 1988 World Bank poverty report gave the following policy advice: "The government must redistribute land, provide an effective program of family planning, and facilitate the development of human capital among the poor. Any strategy that ignores these elements will fail to get at the core of the poverty problem in the Philippines."[4]**

The government's efforts in each of these areas have been sadly lacking. The Comprehensive Agrarian Reform Program (CARP), touted as the centerpiece of the Aquino government's reform program, is universally recognized as having accomplished little, and is presently stalled. The government's family planning program was seriously disrupted by a Social Welfare and Development Secretary opposed to population control, and who was in alliance with a conservative Catholic hierarchy. Control over that program has been shifted to the Health Secretary, but precious time has been lost. The third recommendation of the World Bank poverty report, that the government focus on the development of human capital among the poor, according to the thrust of government spending, is not a top priority.

Land Reform

Peasant groups have been highly critical of the agrarian reform law from the beginning, arguing that loopholes would allow landowners to overvalue their lands or escape redistribution altogether. The major farmers associations have banded together to lobby for alternative legislation and to work with NGOs to obtain what they could under the flawed legislation.

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[1] Rigoberto Tiglao, "The Philippine Paradox," Far Eastern Economic Review, 12 July 1990.

[2] Margot Cohen, "A Menu for Malnutrition," Far Eastern Economic Review, 12 July 1990.

[3] IBRD, Country Department II (Asia Region), The Philippines: The Challenge of Poverty, Report No.7144-PH (October 17, 1988)

[4] Ibid., p.iv.

As feared by the peasant groups, the law which was designed by a landlord-dominated Congress, has not worked to benefit tenant farmers. The Department of Agrarian Reform (DAR) has been rocked by several major scandals related to land valuation, and the Department has not facilitated transfer of lands beyond those covered by the Marcos-era land reform program. After the forced resignation of two DAR secretaries, Butch Abad, a former Congressman respected by the farmers' groups and NGOs, was appointed by Aquino to head the DAR. The Congressional Committee on Appointments, dominated by landlords, refused repeatedly to confirm him, and he finally resigned.

James Putzel, an agrarian reform expert at the University of Oxford has argued that it does not in fact matter who is in charge of the DAR. **The more basic problem is that the "continuing relationships between landowners and private corporations and the military have served to block any significant change in the balance of forces in the rural areas,"[5] which is one of the basic objectives of any distributive program. He has documented numerous cases of paramilitary groups supported financially by landowners, as well as direct military interference with CARP implementation on the grounds that the program was subversive.**

There is widespread agreement that land distribution and complementary support services are essential to developing a healthy economy both in the countryside, and in the country as a whole, given the large percentage of the population dependent on agriculture for a living. At present, most rural families live in poverty, and have minimal purchasing power. **The development of strong community organizations which could then bargain with local elites is an essential first step toward achieving widespread economic development.**

Human Rights Violations: A Block to Social and Economic Development

Yet it is precisely these community organizations who are labelled by the military and arrested, killed or 'disappeared'. According to a recent report issued by Amnesty International[6]:

> Despite repeated assurances by the government of its commitment to promoting and protecting human rights, serious violations have been reported with disturbing regularity in the last year. More than 200 real or suspected critics or opponents of government policies, including human rights activists, church workers, trade unionists, and peasants were killed in apparent extrajudicial executions by government or government-backed forces and dozens reportedly "disappeared".

In addition the NGO workers who work with community groups to develop economic alternatives have come under attack. In January of this year, the project director and a staffperson of an NGO involved in establishing livelihood projects for poor farmers in Samar "disappeared". The head of one of the victims was later found in the sea by fishermen. It bore signs of torture and a bullet wound. The two were last seen in the company of armed men believed to be members of a military intelligence "death squad" allegedly set up by the Military Intelligence Group of Region 8.[7] Members of peasant organizations, particularly those advocating agrarian reform, have frequently been the target of military harassment and unlawful arrest.

According to Amnesty International, "The labelling of lawful cause-oriented organizations, including human rights groups, as "fronts" for the CPP/NPA became common in the context of the government's effort to respond to criticism of its human rights practices. ... The government's counter-insurgency campaigns involved regular military forces, the paramilitary Philippines Constabulary (PC), auxiliary paramilitary units known as the Citizens' Armed Forces Geographical Units (CAFGUs), and semi-official armed groups or "vigilantes" that, while not provided for in law, often functioned in close cooperation with formal security forces."[8] Despite a constitutional provision against the maintenance of private armies, "in many areas ..."vigilante" groups continued to operate with the consent and cooperation of local military commanders, or their members were recruited into the new CAFGU units."[9]

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[5]. James Putzel, "The Comprehensive Agrarian Reform Program: Why it Mattered Little Who Was in Charge," in *Lupa at Buhay; Agrarian Reform in the Philippines,* ed. by Grace Punongbayan Arcilla (Amsterdam: Philippine Development Forum, 1990), p. 11.

[6]. Amnesty International, "The Philippines: A Summary of Amnesty International's Concerns," (March 1990)

[7]. Ibid., pp 7-8.

CAFGU members have been responsible for a number of murders and other abuses. Amnesty International reports that "Despite government assurances that the training and supervision of CAFGU soldiers by military commanders would produce a well-disciplined citizens armed force, **CAFGU forces were responsible for a large number of human rights violations including extra-judicial executions, torture and 'disappearances'.** Government and paramilitary forces, in particular the Philippine Constabulary (PC), the Integrated National Police (INP), and the Army, were also responsible for serious violations."[10] It should be noted that the CAFGUs operate under the authority of these military units.

Research conducted by the Lawyers Committee for Human Rights has confirmed information received by our office that there has been little effective screening of entrants into the CAFGU. Many men with criminal records or histories of abuse have been accepted, in contradiction with the government guidelines. In some cases, there has been wholesale conversion of abusive CHDF units or the private armies of local politicians and landowners into CAFGU units. **Furthermore, the assertion by the U.S. Department of State that civilian authorities are responsible for screening volunteers cannot be sustained.** Government guidelines state that local civilian officials have review authority over entrants, but repeatedly, researchers have found it is the military which determines membership. Brigadier General Ernesto Calupig described the subordinate position of civilian authorities in managing the CAFGUs in this way: "We look for the endorsement of the peace and order council and mayor ... but if there is a difference of opinion between the civilian and military, the opinion of the senior military commander will prevail."[11]

The military operations responsible for the dislocation of hundreds of thousands of people from rural communities, and the bombings of tribal communities about which the Senate Appropriations Committee noted its concern last year, have not ceased. The Committee urged "the Government of the Philippines to make every effort to minimize the violent impact of its counterinsurgency campaign on the civilian population, by adopting policies that do not include the use of aerial bombing of population centers, and to provide the maximum assistance possible to innocent victims of war.

To our knowledge, Philippine government policy in these areas has not changed. While there has not been a military operation as extensive as that conducted in April 1989 in southern Negros (which displaced 35,000 people, and resulted in 315 dead from disease, lack of food and poor living conditions in evacuation centers), smaller operations continue to dislocate thousands throughout the country. Aerial bombardment and shelling of communities, particularly in tribal areas, remain common. Many evacuations are also the result of military ground operations, or attacks by paramilitary units on villages suspected of sympathy for the guerrillas. Food blockades, burning of houses, the killing of farm animals and looting of villagers' property often accompany such operations.

The New People's Army and the Continuing Violence

Philippine government officials often argue that human rights violations perpetrated by the military are a response to the violence of the guerrillas. Certainly, the

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[8]. Ibid., p.1.

[9]. Ibid., p.2.

[10]. Op. cit., p.3.

[11]. Sr. Teresita Alo, Dr. Tito Craig, Atty. Reinier ter Kuile, The Iceberg and the Cross; Violence Against the Church, (Association of Major Religious Superiors in the Philippines), 1990.

New People's Army has been responsible for the killing of a large number of soldiers, police and civilians. According to Amnesty International, "NPA 'sparrow' units -- urban based assassination squads -- killed over 60 soldiers, police officers and officials in Manila during 1989, including four members of the Presidential Security Group, and several intelligence officers." In addition to the murder of Colonel James Rowe, NPA units are thought to be responsible for the deaths of several U.S. soldiers in Olongapo City, the location of Subic Naval Base, and Angeles City, the home of Clark Air Base.

We condemned, in our testimony last year, the killing in June, 1989 of 37 members of the anti-communist Ituman religious sect in Digos, Davao del Sur by NPA guerrillas. The "Digos Massacre" was denounced at the time by Church groups and human rights organizations. The National Democratic Front (NDF) leadership, the underground political umbrella organization of which the NPA is the armed wing, later accepted responsibility and criticized those responsible for the attack. In a June 23, 1990 statement, the NDF in southern Mindanao announced that they had taken "corrective and disciplinary measures", and wished to indemnify the victims with an undisclosed amount of financial aid.[12]

Reprehensible as these killings and other acts of intimidation may be, they can never justify similar violations by government or government-backed forces. The government has all the instruments of the State at its disposal to call to account those who set themselves outside the law. Governments have a particular responsibility to their citizens to uphold the law and to protect citizens against their infringement by all parties, most especially those wielding State power.

While it is difficult to determine levels of genuinely popular support for the guerrilla movement, it must be recognized that the NPA relies primarily on popular support for its ultimate success. In many areas, is not seen as a terrorist force, but rather as a power acting for the poor. In many areas under its control, NPA units have negotiated with landowners for less onerous rental agreements for tenant farmers, or have imposed their own land reform.

Such concrete actions clearly have created supporters. While people are complaining in some areas of the burden of revolutionary taxes, and many are certainly tiring of the seemingly endless conflict, the NPA has proved to be fairly resilient. Despite the detention of many key leaders, the damage to their reputation from news about the purging of suspected spies in the mid-eighties, the impact of the "Digos Massacre", and the government's all-out war against them, the number of NPA regulars in the country as a whole reportedly has not declined significantly.

We join our Church and NGO partners in the Philippines in calling for a resumption of peace talks and an end to a policy of militarization which exacts its greatest toll in civilian lives. Civic Action programs pursued by the government, by most accounts, are designed to control local populations rather than to enable development based on democratic participation and equitable growth.

The Threat from Rightist Military Factions

The Philippine military is widely recognized to be factionalized and deeply politicized. The desire of some of these factions to exercise a greater measure of political power has been evidenced in five coup attempts, the most serious of which occurred last December. The coup effort, which was defeated only after the intervention of U.S. fighter planes, revealed a tactical alliance between members of RAM (Reform the Armed Forces Movement) and Marcos loyalists within the military. The involvement of members of the elite Scout Rangers and Philippine Marines, instrumental in putting down the last coup attempt in August 1987, is indicative of the extent of politicization within the military.

The RAM forces include younger officers frustrated by favoritism within the military and corruption within the government, particularly among Aquino's own family. They believe a civilian-led, military-backed government would be more efficient and less corrupt than the current Administration. But while the problems cited as the coup's rationale are very real, the extent to which they motivated the majority of those involved in the coup is questionable. Many officers have been reluctant to give up the political and material advantages they had accumulated under Marcos and the freedom to engage in counterinsurgency without the threat of punitive action for violations of human rights.

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[12]. Manila Chronicle, June 25, 1990.

The coup enjoyed widespread support within the Philippine military, with many officers reportedly "fence-sitting" until the outcome was clear. Although the government succeeded in capturing a number of rebel leaders, many others escaped, and some of those imprisoned have since been freed by their comrades.

The Church, non-governmental organizations and other organized sectors of society strongly condemned the coup attempt as a dangerous threat to the principle of civilian rule. Many of those with whom our office is in contact - development workers and church people - take the RAM forces at their word when they talk about ridding the country of 'undesirables'. We fear that current community development projects and efforts to save what remains of the Philippine's tropical forest and marine environment would be seriously threatened by the coming to power of a rightist military government. As we have noted, the military is already suspicious of development activities at the grassroots, and has disrupted a number of projects and programs.

Defense Secretary Ramos has stated in testimony before the Philippine Senate Defense Committee that the right-wing rebel military factions pose a greater threat to the security of the State than do the communist guerrillas. Philippine government officials reportedly had difficulty last April in determining who should receive promotions because they did not know the true nature of the officers' loyalties.

Our office is deeply concerned that the United States continues to appropriate $200M per annum in military assistance when past assistance has clearly failed to professionalize the Armed Forces of the Philippines. Even more alarming, U.S.-supplied weapons were used in December 1989 by soldiers (including elite U.S.-trained troops) in their nearly successful attempt to overthrow the civilian government. **We would argue that the continued provision of high levels of military assistance has served rather to strengthen the hand of the Philippine military in their quest for greater political power.**

Economic and Development Assistance:

The United States, in recent years, has provided $40-50 million per annum to the Philippines in Development Assistance and, in fiscal year 1990, voted $160 million in special assistance designed to promote economic development. U.S. officials hope that such funds will work to diminish support for the insurgency. Our office has two concerns about economic aid. First, attempts to stimulate development are, in fact, counteracted by U.S. support for the military. The Philippine military has actively suppressed democratic forces seeking peaceful change in its efforts to "wipe out" the insurgency, hence stifling development which posits necessary changes in inequitable economic relations. Second, we question the extent to which development assistance funds, and in particular, funds provided under the Multilateral Assistance Initiative will benefit poor communities.

The Multilateral Assistance Initiative

Since funds were appropriated by the U.S. Congress for the Multilateral Assistance Initiative, our office has been monitoring closely the programs and projects proposed by the Agency for International Development (A.I.D.). These fall into two basic categories: (1) an economic development initiative which includes $30 million [$20M intended FY90 obligation] for construction and upgrading of roads, ports, bridges, and airport facilities in General Santos City, South Cotabato, southern Mindanao [$140M of ESF money is being used for infrastructure development throughout the country ($50M intended FY90 obligation)]; and (2) $125M [$30M intended FY90 obligation] for a Natural Resources Management Program which targets environmental restoration and protection.

We note with concern the sharp contradiction between the MAI-funded infrastructure project A.I.D. is proposing for South Cotabato and the directives included in last year's Senate Appropriations Committee Report [Report No.101-131].

On page 55 of its Report, the Committee expressed its opposition to A.I.D. funding of large capital-intensive infrastructure projects. The Committee noted its concern about the MAI's program of special projects for poverty alleviation. "While these projects will presumably create jobs, only one of the five proposed projects utilizes non-governmental approaches to development. All the rest are capital intensive, large-scale, government-to-government projects, several of which attempt to create jobs at a cost of from $14,000 to $18,000 per job. They involve airport, port, major highway, and rail construction - all necessary for the development of the country, but they are not consistent with grassroots development for the poor."

A.I.D.'s Program in South Cotabato

A.I.D. has reportedly obligated $20 million for road construction in South Cotabato, mostly around the port city of General Santos. An additional $10 million reportedly is to be used for the upgrading of existing port facilities, and the expansion and upgrading of local airport facilities. A.I.D. officials are considering supporting either a proposed Agro-processing facility or a Fish Port (if not financed by the Japanese).

The Philippines is littered with infrastructure projects similar to that contemplated for General Santos City, yet poverty persists. We are concerned that unless these infrastructure projects are accompanied by programs to increase the bargaining power of the rural and urban poor, income inequalities will simply be exacerbated. A fundamental constraint for the poor is access to resources such as land, credit, and direct livelihood opportunities.

One of the major arguments advanced by A.I.D. officials in favor of supplying infrastructure, and in particular, the construction of a fish processing facility and central fish market in General Santos City, is that it will enable small fishermen to receive a better price for their catch. This would be true if the poor were actually in control of the catch to begin with. However, they are not.

The Fishing Industry in South Cotabato and Prospects for the Poor

The reality of the fishing industry in the South Cotabato area (as in much of Mindanao) according to research conducted in 1984,[13] is that **most poor fishermen do not have access to the capital needed to fish independently.** Due to the influx of commercial fishing operations which began during the Marcos administration, municipal fishing waters (nearer the coast) have been over-fished. In order to find enough fish, both individual fishermen and group fishing operations have been forced to move to deeper waters. To do so, they have had to adopt the more capital-intensive methods used by commercial fishing operations. With baby purse-seiners, smaller fishing operations can fish in deeper waters and compete to some degree with the larger operations, though their profits are still diminished.

While there are still individual fishermen, group fishing is becoming more common, as capital requirements increase.[14] Individual fishermen without capital of their own (the poor) borrow from a local businessman acting as a middleman, financier or broker who "**advance the required cash on the condition that they must be the exclusive buyer of the fishermen's catch.**"[15]

Export-oriented, commercial scale fishing, known as the 'Grower System' is being practiced particularly in the South Cotabato area. "The arrangement is ... that commercial fishing corporations finance a number of brokers, who in turn finance the fishing operations of municipal fishermen. The fish catch is bought by these brokers and sold to commercial fishing owners or operators for export, either as frozen fish or process/canned fish. Some commercial fishing corporations involved in the grower system are: Pilipinas Orient, Orient Marine Fishing Corporation, Dole

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[13]. Alternate Resource Center Staff, "Poverty in the Seas of Plenty," Mindanao Focus, 2, (May 1984), pp 20-33.

[14]. Alternate Resource Center staff, "Poverty in the Seas of Plenty," Mindanao Focus, Issues 3&4 (1984), p.24.

[15]. ibid., pp 24-25.

Philippines, and Purefoods Corporation. [16] ... Based on field interviews, it is estimated that in South Cotabato, approximately 10,000 pumpboats (small boats with motors) are involved in the grower system. The invasion to (sic) municipal fishing by the grower system is effective because the municipal fishermen can no longer afford the high operating expenses."[17]

Most small fishermen live in abject poverty. "Since ownership and control of fishing boats, gears and other necessary operating capital are in the hands of local capitalists, the fishermen become mere workers, whose income from fishing is subjected to the sharing system dictated by the operators and/or brokers/financiers."[18] Small fishermen in South Cotabato who are in a position to sell directly to buyers, if they are aggressive, would benefit from a fish port. However, the majority of poor fishermen are not in this position.

We would argue that A.I.D. should instead consider funding programs which focus on improving the viability of small and medium size fishing operations. Access to credit, technical assistance and the development of small cooperatives should be encouraged, preferably through NGOs and organizations of small-scale fishermen. Provisions should be made for small fishermen to have representation on regulatory and management bodies related to fishery development and processing.

Potential environmental impact of the proposed fish port, and agro-processing facility

A.I.D. is reportedly considering funding the agro-processing facility, or possibly the fish port. If the U.S. funds either of these facilities, full Environmental Impact Assessments should be conducted. The city officials who proposed the facilities do not seem to have a good understanding of the possible harmful effects, or seem sanguine about dealing with the pollution which will result. Provincial authorities are concerned about the concentration of facilities in General Santos City, reportedly in part because they are concerned about concentrated pollution flows into the Sarangani Bay. In addition to the fishing complex, there are plans for canning factories, a tanning operation, a feed mill, and fruit juice factories.

A.I.D. has noted that "a comprehensive environmental impact assessment of the potential impact of proposed development on the entire General Santos City/South Cotabato region as part of the master plan which will be developed in the near future." We welcome A.I.D.'s statement that the agency has offered to collaborate on an EIA of this facility with whatever government finances it, as well as to help the City government conduct an EIA for the industrial zone. This would be important particularly because it is not clear whether the Department of Environment and Natural Resources (DENR) has the capacity to conduct the necessary studies. Local DENR officials reportedly have not yet even seen the project feasibility studies, and could not comment on the possible environmental impact. Delfin Ganapin, head of the Environmental Management Bureau of DENR, said that the Bureau has not yet developed an environmental protection plan for the province, even though the project was designed by the Philippine government as one of the MAI pilot projects.

We recommend that A.I.D. should not make any commitment of funds until a full EIA is conducted for the proposed facilities, and plans are fully developed to treat the resulting pollution.

Increasing Fish Exports

A major objective of the proposed marketing and processing facilities is to increase fish exports from the area, albeit at a higher value added and price for fishing operations. This is likely to result in an increase of fish harvested in the municipal and offshore waters of South Cotabato. The Sarangani Bay already is reported to be over-fished.

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[16] Ibid., p. 25. [N.B. The companies cited are all listed in the GSC project documents as "major investors in the city whose businesses speak best with profitability, provision of employment for the city's working force, and revenue for the city's coffers."]

[17] Ibid.

[18] Ibid., p. 28.

We recommend that a study of the carrying capacity of the Bay be conducted to insure that the coastal and off-shore fisheries resource base will not suffer depletion. Plans for sustained yield management of the resource should be developed.

Grassroots Development through NGOs

In Report language last year, the Senate Appropriations Committee expressed its view that local and U.S. NGOs play an essential role in stimulating development among the rural and urban poor.

> The Committee is convinced that grassroots development is necessary for broad-based economic development to occur, and believes that U.S. private voluntary organizations (PVOs), cooperatives, and local PVOs must have an important role in the MAI. ... While the Committee recognizes the important and essential official government role in development, these PVOs and cooperatives have a demonstrated ability to reach the rural and urban poor, often with better and quicker results than the Government. Rural electrification, housing, health clinics, water systems, and other community-based economic development projects targeted to small farmers and merchants should feature prominently in the MAI.
>
> In order to undertake this grassroots approach to development, the Committee encourages A.I.D. to reorganize and expand its mission staff for more field-oriented activities, and work with consortia of United States and local PVO's for initiation and coordination of projects.

Yet despite this clear directive, the South Cotabato project funded with MAI money does not include a role for local or international NGOs. **A.I.D. officials interviewed have made it clear that they are not planning to use MAI funds for small-scale community-based economic development projects.**

In short, A.I.D.'s arguments for their projects in South Cotabato are based on a 'trickle-down' philosophy of development. Yet stark poverty and lack of community organization result in grossly unequal bargaining power. Competition at the village level is almost non-existent, and improved infrastructure does not lead to increased competition or access to resources because primary producers are trapped in a dependency relationship through debt and social relationships which have evolved over a long period of time.

Given limited resources, roads and capital-intensive infrastructure should not be accorded the first priority for scarce development dollars. We are not arguing that the paving of roads will not be useful for farmers, (apart from the Surallah-T'boli road which will open migration to the forested ancestral lands of the T'boli people), but are concerned that unless these infrastructure projects are accompanied by programs to increase the bargaining power of the rural and urban poor, income inequalities will simply be exacerbated. A more fundamental constraint for the poor than lack of roads is access to resources such as land, credit, and direct livelihood opportunities.

At the least, A.I.D. project officers should meet with Philippine NGOs with a track record in community organizing, cooperative development and small livelihood projects to develop programs targeted to the rural and urban poor. A portion of MAI funds for the South Cotabato project should be directed toward such programs.

Dwindling Old-Growth Forest and the Issue of Ancestral Domain

I would like to thank the members of the Subcommittee for their determination to support protection of the last remaining old-growth forest in the Philippines. Preservation of the remaining 700,000 hectares of dipterocarp forest will not be an easy task. Nevertheless, we are encouraged by the efforts of the Philippine Department of Environment and Natural Resources (DENR) to increase stumpage fees, and to ban logging in certain critical areas. We look forward to learning more of the details of A.I.D.'s proposed policy reforms for the logging industry, and for protection of bio-diversity. We hope that the Agency will recommend a total ban in logging of old growth forest, and assist the DENR in developing community management programs which will also serve to protect the forest. We are especially concerned about issues related to Ancestral Domain and recognition of the rights of the Lumad (indigenous) peoples of the Philippines.

The DENR controls over 50% of the land mass, most of which is steeply sloping upland and forested areas. These areas generally overlap with the ancestral domains of indigenous peoples. A serious problem, resulting largely from the failure of successive agrarian reform programs in the Philippines, has been massive migration into the upland and forested areas. It is estimated that some 18 million people now live in the upland areas. The influx of large numbers of settlers from the coastal areas and plains who lack knowledge of ecologically sustainable swidden farming in the forest zones has exacerbated the problem of deforestation caused primarily by large logging firms.

State ownership of these forest lands, and the government's failure to recognize customary property rights which regulate the use of fragile upland ecosystems has perpetuated a system of open access promoting greater population density and forest degradation. Government recognition of already existing common property management systems, and the surveying and documentation of the tenurial rights of long term residents (especially indigenous peoples) in forested areas has worked well in pilot areas, and is critical to preserving the little remaining old growth forest in the Philippines. A.I.D. should encourage the Philippine government to recognize and delineate ancestral domains, while acknowledging common property resource management systems as appropriate mechanisms for sustainable management of the forest ecosystem.

A Foundation for Philippine Non-Governmental Organizations

A.I.D. recently commissioned a study to develop the framework for establishing an indigenous Foundation to fund NGO efforts to protect and restore the environment. The initial proposal was to create the endowment through a $25 million debt for environment swap. Whether the endowment is established through a swap mechanism or by direct grant, we believe the idea warrants further discussion. These discussions clearly must include the environmental NGOs in the Philippines. U.S. NGOs which have been supportive of this idea are willing to play a role to insure the success of such an entity. A Foundation, if conceived with care, could provide the financial stability needed by dynamic and creative groups seeking to preserve the Philippine environment for future generations.

Conclusion

We urge the Subcommittee to take the lead in initiating a thorough review of U.S. military and economic policy toward the Philippines. Throughout the archipelago, communities are being destroyed and individuals brutalized by a war with no end in sight. What remains of the rich biodiversity of the old-growth forest and coastal areas will only be saved by those determined to protect, not plunder. Despite the intimidation and violence, many are risking their lives to work for a democratic and sustainable future for their country. Their efforts deserve support, not repression.

STATEMENT OF CHOR-BISHOP SEELY BEGGIANI, CHAIRMAN, COMMISSION FOR LEBANON, DIOCESE OF ST. MARON

Mr. Chairman, Members of the Committee, I represent the Diocese of St. Maron -- U.S.A., which consists of Maronite Catholics found throughout the United States. Since most of our members are Americans of Lebanese descent or recent Lebanese immigrants, we have a deep concern for the country of Lebanon. As American citizens we believe that it is in the interest of the United States to continue to support the people of Lebanon who have persevered through 15 years of death and destruction.

Before referring specifically to the amount being considered for Lebanon for FY 1991, I wish to outline briefly the many reasons why in our view Lebanon merits your serious consideration.

In a world where tensions between the superpowers have dramatically decreased, the Middle East remains a region of great volatility and danger. The chances for peace between the

Arab countries and Israel seem to have lessened in recent weeks. Religious fundamentalism characterized by suspicion of and often hostility toward the West is making gains not only in the Middle East but in the countries of North Africa. Lebanon, once the most peaceful country in the region, remains the arena where the problems plaguing the Middle East have found a place for violent conflict. Lebanon has become both a microcosm and a metaphor for all that can go wrong in the Middle East.

The problems plaguing the Middle East are not going to go away and are too closely interconnected with other regions of the world to be ignored. We believe that these unresolved issues of the Middle East pose great threat and danger for the world at large and must be addressed with vigor and dedication. High on the agenda should be the situation in Lebanon. We realize that Lebanon's problems at times seem intractable, and that the Lebanese themselves must take responsibility for their own destiny. Nevertheless, we believe that a serious attempt to solve the situation in Lebanon may be a stepping stone to dealing with the larger threats facing the region, and that the Lebanese people who have persevered through so much adversity should receive help in regaining their freedom and independence.

Lebanon today still faces a crisis challenging its very survival. Events during the past months have aroused both hope and despair. Serious attempts were made by the Arab League with the support of the United Nations, the United States and other nations to bring about the first steps of a solution to the Lebanese situation. We hope that a political formula can be arrived at that will guarantee the rights of all the peoples of Lebanon -- a solution that will preserve Lebanon as a democratic and pluralistic country. While some progress was achieved toward this goal, formidable problems remain. We believe that the most serious setback was the failure of negotiators to agree upon a specific timetable for the withdrawal of all non-Lebanese troops from Lebanon. We have been also greatly distressed by the sectarian fighting that has taken place during the early months of this year in both the Christian and Moslem areas of Lebanon. We wish to note that the vast majority of the Lebanese people are not parties to this violence, but are its victims, and desire only to live in peace. In recent days, new efforts for peace have been undertaken by the Vatican, the Arab tripartite committee and other sources, and there is some hope for success.

It remains our conviction that the presence of non-Lebanese forces in Lebanon is the most significant factor causing instability in Lebanon and the greatest obstacle to the resolution of Lebanon's most serious problems. We believe that the world community and especially the United States must be more actively involved in procuring the withdrawal of all foreign fighters from Lebanon.

Besides starting Lebanon on its road to recovery, the removal of non-Lebanese armies from Lebanon is directly related to vital interests of the United States. First of all, the presence and continued toleration of forces of occupation spanning several years, especially in a small nation such as Lebanon, speaks against our democratic principles of self-determination and the free exercise of human rights, and establishes a bad precedent for the Middle East and other parts of the world. Secondly, the proximity of the armies of two hostile regional powers on Lebanese soil is a war waiting to happen, threatening any hope of stability in the Middle East. Thirdly, our State Department a few months ago specifically accused one of the non-Lebanese armies in Lebanon of being directly involved in drug production and distribution from Lebanon's Bekaa Valley, making Lebanon's occupied region one of the major drug producers and distributors in the world. (The State Department did not hold Lebanon's government responsible, because it recognized that its territory is under occupation.) Fourthly, occupied areas of Lebanon are still being used as bases for training and exporting world-wide terrorism.

While the United States continues to be involved in the Lebanese crisis, mainly behind the scenes, the seriousness of what is at stake in Lebanon requires a more aggressive and public policy. We believe that it is imperative that the United States send its ambassador back to Lebanon. While all residents of Lebanon, native and foreign, are exposed sometimes daily to risks upon their lives, other countries have maintained their diplomatic representation in Lebanon, and it behooves the United States to do the same. The United States must be in control of its interests, and the freedom-loving people of Lebanon who continue to persevere are anxious for tangible evidence that the United States has not abandoned them. We also support the idea proposed by some including Senator Robert Dole that our President appoint a special envoy to Lebanon, as a sign of United States commitment and that a Lebanese solution is a high priority.

To facilitate the withdrawal of non-Lebanese forces from Lebanon, it is essential that the Lebanese national army be trained and adequately armed. In past years, the United States has offered generous military assistance. We believe that this should continue, and that it is money and effort well-spent. The stronger the Lebanese army becomes, the more it will be able to eradicate the production and distribution of drugs, the dismantling of terrorist basis, and the policing of its borders, especially with Israel.

I wish to thank the Committee for voting funds for Lebanon in Fiscal Year 1990 and plead for renewal of financial help. The approximately $7.5 million economic aid allocated to Lebanon in FY 1990 through Economic Support Funds and Direct Aid primarily to Universities and PVO's, including Catholic Relief Services, is concrete evidence of the United States' ongoing commitment to the survival of Lebanon, its people, and its democratic institutions. We also appreciate U.S. PL-480 assistance, and aid to the Lebanese Red Cross.

Obviously, the humanitarian and economic needs of Lebanon are overwhelming and we would appreciate a far greater financial commitment from the United States government. We are disappointed that the Administration is asking for only $1 million for FY 1991. We believe that considering the circumstances at least two to three times the FY 1990 figure should be allocated, and that this amount should be earmarked for Lebanon and not left to the discretion of the Executive Branch.

Meanwhile, as mentioned in previous testimony, the Maronite Patriarchate in Lebanon has instituted the Maronite Social Fund, which is directed toward addressing the needs in food, health, education and housing. Caritas-Lebanon, a private organization representing all the Christian communities, has been providing extensive charitable help to both Christians and Moslems in need. Our Diocese of St. Maron in the United States, through yearly drives, has already raised thousands of dollars from its members to help the needy in Lebanon.

I realize that when Lebanon is mentioned, many believe it to be a place where the problems only become more complex and unyielding, and where all solutions seem to fail. Even friends of Lebanon are tempted to give up in frustration. However, I direct your attention to the vast majority of the Lebanese people who are the innocent victims of this long tragedy. Almost every family in Lebanon has lost one of its members. Thousands have lost their homes and their livelihood. Yet, they persevere and still dream of a free and democratic country.

While the United States has a multitude of interests in the world and many priorities in foreign affairs, the requests we are making on behalf of the Lebanese people are relatively small. Yet, with a generous American response, hope can be rekindled and the price in death and loss paid by the Lebanese people will not have been in vain.

STATEMENT OF ROBERT O. BLAKE, CHAIRMAN, COMMITTEE ON AGRICULTURAL SUSTAINABILITY FOR DEVELOPING COUNTRIES

I am Robert O. Blake, Chairman of the Committee on Agricultural Sustainability for Developing Countries. The Committee is a coalition of thirty-five American organizations -- all the major environmental groups having international programs, the leading environmental institutes and study groups, private voluntary organizations having agricultural development programs in Africa, Asia, and Latin America, and a number of other important groups with a strong interest in agricultural development and global food security. These organizations together count over 5 million members.

These are exciting times for all of us -- times of great change, times of sudden illumination of great problems. One such problem that comes to mind immediately is the depth and spread of environmental degradation in Eastern Europe -- the waters of the Vistula River, too polluted to be used even by industry; the air in Krakow, too dangerous for children to breathe; the mountains of Czechoslovakia and East Germany, barren because of acid rain where thick forests once stood.

But today I want to recall for you a different environmental emergency, one that hasn't yet received the illumination that it must receive. It is an emergency which to some extent can still be headed off, and one to whose solution you in the Congress can make a contribution by supporting and guiding the agricultural development activities of the Agency for International Development. I am referring to a crisis caused by widespread degradation of soil and water over much of the world, a crisis that has grown so serious that it threatens the ability of many developing nations to feed their rapidly growing populations over the coming decades.

The problem in its starkest terms is this: within two decades the developing countries will have to feed 40 percent more people; but they will have to produce this vastly increased volume of food on much less agricultural land than they cultivate today. Unless we are resigned to a much higher level of human suffering, political instability, and economic dislocation in developing countries, it is in our vital American interest to take early and vigorous steps to help them come to grips with this problem. For one thing, our great grain belt simply cannot feed that many more people -- even if, as is not at all clear, the poor countries of the world could pay for our grain.

Mr. Chairman, I asked to come before you today to explore with you the ramifications of this problem not only for the peoples of the developing nations but also for the United States -- and for the appropriations legislation now before you. I will make three main points:

- First, it is now becoming apparent that global environmental degradation and its present and future impact on the world's food supply is potentially of much greater catastrophic dimensions than we have been led to believe.

- Second, despite the seriousness of this situation, there are many things that can be done now which could alleviate or even head off some of the worst aspects of what may very soon become a crisis.
- Third, the United States has a vital interest in the success of such efforts and can make an important contribution to them at a cost low enough to be acceptable even in a year when budgets must be cut.

Global Impact of Environmental Degradation

Let me start by expanding a bit on the complexities of the environmental and natural resource problems that global agriculture faces. Man has known since the first days of organized agriculture that successive and unfertilized planting of crops soon exhausts the soil. Through hard experience we found three ways to beat the game: let over-cultivated land lie fallow until it recovers; bring in nutrients from some other source; or move on to uncultivated lands. For millennia -- and until almost yesterday, all of these options were open. But this is not so today -- at least not for millions of poor farmers. Fertilizer is often too expensive or not even available in remote areas. There is very little good uncultivated land, land with enough water and good enough soil to sustain agriculture to which farmers can move. Slash-and-burn farmers are thus being forced to accept even shorter fallow periods, to the point where harvests are so small that they are not worth the efforts.

Where, then, is the farmer to turn for the much greater productivity that must be gained to feed the billions of the world's coming generations? It is increasingly clear that it must come primarily from better management of less and less land. This means that farmers on every continent who until now have been able to farm extensively must make the transition to much more intensive methods of farming, and within a historically short time. Further, they must do so in a way that does not compromise the very base on which this increased productivity depends -- soil, water, and vegetative cover.

Are we succeeding in this very elemental human task? The hard truth is that, so far at least, we are not. We are very literally losing ground. Billions of tons of precious soil are being lost every year through massive erosion by water and wind. It takes three to four hundred years to create a square foot deep of topsoil but only one uncontrolled rainy season to lose that much ground. Poor farmers lacking land are moving higher and higher up slopes so steep that when they cultivate the soil, it quickly washes away.

Worse, every year we are losing almost as much irrigated land as is brought into production through expensive public works. Land is very precious that is flat enough and has enough water to permit irrigation, land that produces a high percentage of our world's food. Yet, each year an enormous amount of irrigated land goes out of production from over-use of water (salinization and water logging). The cost of rehabilitating such land -- when possible -- is very high, and in the meantime its production is lost. And whatever the cost, very little new land suitable for irrigation remains.

Formerly farmers in many parts of the world could count on finding some good land from cutting down the forests. For example, much of the good productive lands which have been cultivated for centuries in South and South East Asia and Southern China had earlier been forested -- as were wetlands that were converted to rice paddies. Today this won't work. Land-hungry farmers are still moving into and cutting down the tropical forests, forests which preserve the largest percentage of the world's genetic diversity of plants and animals. But most of these forests have weak or acid soils which will not easily sustain agriculture.

Let's become clear on one point: all countries -- the United States included -- are faced with the problem of preserving every possible bit of soil. The United States has faced up to this problem through our soil control programs, even though our farmers don't always conform to them. Further, we must do a much better job of preserving and protecting our water supplies. For a growing number of countries within the next several decades will face the prospect of water shortages for agriculture. This is particularly true in places where aquifers are being pumped dry faster than they can be recharged.

Yes, the day of territorial expansion of agriculture is almost over. Unable to expand extensively, most developing countries -- in fact, almost all countries -- must now find ways to get the most out of the lands they now cultivate, and do so in a way that will produce enough food to provide at least a minimum of food security. You may ask, what does the term "food security" mean? It means that a country must provide enough food for their people, and to do so from a combination of the food they grow themselves plus the food they can afford to buy. For poor countries with rapidly growing populations and static or decreasing areas of arable land, this is an awesome task. In fact in much of Africa and parts of Latin America, per capita food production has steadily decreased in recent years. Reasons for this are complicated. And as the case of Africa shows, it is not always just because of decreases in arable land.

Global Response: Changing Technology and Attitudes

These, then, are some of the dimensions of the increasingly serious agricultural problems caused by natural resource degradation. The question we must now ask is, what can be done? How much of this degradation is natural, how much man-made? A certain amount of erosion and water pollution is natural and unavoidable, being related to the earth's continual transformation -- by weather and tides, by volcanoes and earthquakes. But the root cause of a very high proportion of these deadly insults to nature is human. Faced with the starkest poverty and lacking accessible alternatives in the poorest countries, and ignorance and indifference elsewhere in the world, hundreds of millions of people are collectively changing our global physical systems for worse. This is taking place faster than ever before in human history, faster so far than man can reverse the process. As a result, we face not just eroded fields, but also potentially drastic climate change, not just destruction of our great tropical forests, but also destruction of the protecting ozone layer.

The point is often made here in Congress -- a point with which we strongly concur -- that human damage to our natural systems is being exponentially accelerated by increases in pressures on the land through rapid population growth, particularly in the developing countries. We agree with those that say that success in family planning is central to success in global environmental protection. But we do not agree with those minority voices who say that until population growth levels off nothing can be done about environmental degradation -- or with those who say that the solution to environmental problems lies in regulation by the market and that population programs count for naught. Given the rate of exponential population growth, unmatched in human history, our commitment to family planning in the next decade is crucial and will determine whether world population levels out at 10 billion or in excess of 14 billion.

Yes, Mr. Chairman, we are convinced that a whole lot can and must be done now, this year, all over the world to halt the wholesale destruction of the thin veneer of healthy air and soil on which our very human existence depends. Fortunately, the world is not without victories in this fight. Millions of farmers have already been helped to find cost-effective ways to increase their income, ways which can save and enrich their soils. This has proved possible even for farmers working too steep hillsides with worn out soils. I invite your attention to the inspiring and successful help being given to Central American farmers by one of our member organizations, World Neighbors, working in just such a situation; and to farmers in the Ecuadoran Amazon who, having spontaneously migrated to the very poor forested lands along that country's oil roads, have with the help of the Agency for International Development been able to establish sustainable farms; and to the rich lands of northern India's irrigated Punjab plains, where farmers have been helped by the International Rice Research Institute to save their fields from salinization by using less water and by taking control of their own irrigation systems.

I chose those examples not to provide any systematic review of all that can be done or has been done to reverse resource degradation -- for indeed the number of small-scale success stories is large and growing. What I want to do is bring out several very important points:

- First, enough successful models on which to begin building further cooperative efforts now already exist.
- Second, the new technology which has made these successes possible -- sturdier and more productive plants, new systems for cultivation and conservation -- comes from many sources. These include industrious and imaginative community-based organizations in developing countries, often helped and inspired by the American private voluntary organizations; the very important international agricultural research centers and some of the stronger national agricultural research centers in developing countries; and the network of international development agencies including the World Bank, the Inter-American Development Bank, other regional development banks, and the national development agencies led by our own Agency for International Development.

But we must all recognize that the principal constraints to achieving these objectives are not, at this stage, lack of good technology. Rather the big constraints are human -- finding ways to get simple technology to farmers and then getting them to adopt it; finding ways to provide ordinary farmers with incentives for both production and conservation; finding ways to inspire national and local governments and governors to adopt policies more sensitive to rural needs; finding ways to give the women farmers who produce more than half the world's food the kinds of appropriate help which will allow them to increase their productivity and improve their own and their families' welfare. Yes, while better science is important, no "technological fix" will do the trick. Much more of the answer lies in changing the perspective and the knowledge base of all the people in the agricultural chain -- from farmers to government administrators. Trying to change human attitudes is a difficult, frustrating job. But experience shows that it can be done.

The Unites States' Stake in the Developing Countries

How then should we proceed in the face of both of these problems and opportunities? What United States' interests are involved?

First our interests. It has become increasingly clear to all of us in the United States that environmental questions cannot be viewed in isolation. They must be seen in their broader context, above all for their political, economic, and social impact on our increasingly close-linked society. And, we have learned, environmental problems know no frontiers. But Americans still seem less convinced that serious environmental degradation in the developing countries will have a negative impact on our own interests. But must we learn this from hard, unpleasant experience? Can we ignore the consequences of the failure of developing countries to feed their rapidly growing populations? Today 20 percent of the world's population suffers from hunger, possibly even more years from now. Such prospective human tragedies must have an unremitting claim on our minds and consciences.

Agricultural failure in other countries can also have very negative political effects on our national interests. We have already seen this caused by large-scale environmentally-motivated migration to the United States from El Salvador, a country torn almost as much by over-population, environmental degradation and maldistribution of good agricultural land as by war. We are led to ask which is cause and which is effect. We have seen on our television screens pictures of people who have sailed in fragile boats from environmentally-devastated Haiti only to be turned back to sea. We have read in our press the reports of food riots in developing countries caused in no small part by rural migration to today's mega-cities, riots that in the future could threaten friendly regimes as much as the threat from external attack.

But, Mr. Chairman, our Committee is convinced that another sort of argument can and must be made for undertaking cooperative activities with the developing countries -- in agriculture as well as in many other areas. Call these geopolitical arguments, if you will. It is not philanthropy that we urge. It is the active pursuit of mutual interest.

For the developing countries, mutuality can only develop from a sense of their own well being and their increasing sensitivity to how we view that well being. This is the context within which trade and cooperation will be considered. The developing nations -- now three quarters of the world's population, within a decade of 80 percent -- are already among our most important trading partners and the source of many of our most needed raw material imports -- petroleum being the most notable. And what powerful markets they are! Even today, India has a middle class -- with the demands of a middle class market -- as big as France's total population.

Moreover, many of the most important developing countries seemed poised for a period of real economic growth as they begin to get their debt problems squared away. And here considerations affecting our own huge debts are not only paradoxical but also very relevant: over the next decade, we must generate a huge annual trade surplus if we are just to service our own national debt without a serious decline in living standards. To do so will be very difficult. Trade with the developing countries will be a very important factor, and competition among the industrial nations for increased trade with these countries promises to be fierce.

Yet it is not just political stability and trade -- as important as they are -- that require us to establish relations with developing countries based on closer cooperation. In this ever more interconnected world, we badly need their cooperation on the urgent problems of the day. Today it is terrorism and control of drug traffic -- tomorrow, efforts to control global warming.

We can't command their cooperation, if we ever could. Seldom can we get our way for long with major developing countries simply by flexing economic or military muscles. Nor do most of us realize, or admit, that the United States no longer even enjoys an advantage in science and technology large enough to allow us to use that kind of muscle. Increasingly we must pursue our interests through imaginative cooperation.

Research is a good example to make my point. Today much more is spent abroad on research, including agricultural research, than is spent in the United States. In fact, the research budgets of many developing countries are rising, and these countries are beginning to make important scientific advances particularly in agriculture, to which we badly need access. Then, too, to advance our own research agenda we are dependent on the broad biodiversity of tropical countries for genetic materials. Again it is through cooperation and exchange that we have the best chance to protect this important interest. Yes, the case for close cooperation with the developing countries is strong -- in agriculture perhaps as much as in any field.

The U.S. Role in Helping to Protect Global Resources

Luckily, natural resource protection and food security are areas where the United States has special advantages. In considering what the United States' role should and could be in helping protect the agricultural resources of developing countries, we should start by recognizing two basic principles. First, most of the money, the toughest financial decisions and all of the political courage needed to move ahead with a meaningful level of protection of the environment and natural resources will have to come from the governments and peoples of the developing countries themselves. Our role at a maximum will be small in relation to the total effort required. But, if American cooperation is properly designed, it can provide an absolutely vital intellectual and psychological jump-start for the efforts of the developing countries. here is nothing particularly new in this.

If there is nothing particularly new in this, a second principle is somewhat newer. When thinking about what we do with and for developing countries, we must no longer think in terms of foreign "assistance," much less in terms of "give-aways." All that we do must be in the collaborative mode and must be based on mutual recognition of common interests. All efforts should lead toward healthy kinds of interdependence from which the United States can measure present or potential gain. Nothing but collaborative efforts in which people from the developing countries play a more equal role is any longer acceptable. We must seek close binational partnerships at every level, and not just on a government-to-government basis. True, it is rare in life that any partnership is between absolute equals. But equally rare is the successful partnership that is not based on the defense of common interests. By word and deed, and by designing imaginative new institutional forms, we must move from today's institutions and concepts of foreign assistance to truly two-way cooperation where the reciprocal advantages that each enjoys are defined and observed.

To give meaning to these principles, three questions need to be answered:

- What are the most important contributions that the United States can make during the coming year to the global protection of agricultural resources and to agricultural sustainability in developing countries?
- What branch of the United States Government should have that responsibility?
- How much money should the Congress consider appropriating for these purposes?

The Role for USAID

To answer the second question first, our answer today is unequivocally that the Agency for International Development should have this responsibility. AID has the legal framework and a pool of trained people with decades of accumulated experience in agricultural development abroad. It is our long-time chosen instrument for much that we do with developing countries.

If you detect some reservation about AID on my part, however, it comes from two sources. My first is a broad point: AID is not the only pool of American talent on international agriculture and natural resources. In sheer numbers and quality, the American academic and scientific communities and American private voluntary organizations hold the advantage in that regard, and even AID recognizes that it must do a better job of using those resources. AID could also do a better job in helping to strengthen the capacity of our private voluntary organizations and our academic and scientific communities, preparing them for the long pull when much of the activity in agriculture now carried on by the government will move to the private sector. The deeper partnerships of the 1960s between AID and the universities and land grant collages must be rejuvenated and brought up to date.

Another reservation comes from our concern that as AID loses budget and as it apparently gets more and more bound down by regulation and red tape, it is employing fewer and fewer of the true agricultural and environmental specialists, in Washington but even more so in field missions. These specialists are essential to supervise the work of contractors and consultants and particularly to maintain a dialogue with government officials, scientists, and opinion leaders on sustainability and the other great problems of development. Also these missions have, in our view, too many generalists, planners, and administrators -- and, yes, often too many macro-economists. Economic expertise is obviously desirable and needed, but when narrowly-focused economists show little understanding of or sympathy with the environmental and natural resource problems of developing nations, when they advocate a one-sided development paradigm that looks only to economic growth and market forces to regulate environmental problems, we raise the warning flag. Some parts of the AID establishment must show that they recognize, in actions as well as in rhetoric, that sound growth depends on real environmental protection (just as in the longer-run real environmental protection depends on sound growth). If they fail in this, I dare say they will lose much of the support that they now enjoy from this Committee.

All this, however, is far from being meant as an overall criticism of AID. We support and are excited by much that AID is doing in agricultural development. There is a trend in the right direction, reflected in some of the newer projects and by recent world-wide instructions very adequately defining sustainability and urging it as the proper focus for AID's agricultural programs. AID's new Administrator, following the lead of the Secretary of State, has put strong emphasis in his earliest public statements on sustainability and environmental protection. But the proof will come when more field missions establish programs that carry these principles into effect.

Human Resource Development: The Best Focus for Agriculture and Rural Development

Let me turn now to the question about the kinds of AID agricultural and rural development programs we believe will best help developing countries. In our view, each program should be subjected to six tests:

(1) Does the project serve a mutually-recognized national interest?

(2) Does it attack an urgent problem (particularly important in these days when budgetary caution is so important)?

(3) Does it take advantage of what Americans do best?

(4) Does it fit in rationally with what other development agencies are doing?

(5) Does it contribute to growth of a developing country's agricultural and overall national economies, and quite specifically does it increase economic rewards to farmers, rewards that farmers must enjoy before they will change their ways?

(6) Do we have the resources to make such a project successful?

These are admittedly tough tests, but they are the kind that must increasingly be applied.

Within these meets and bounds, what specific kinds of projects would we support? First and foremost, we believe that in these days when the United States can only do so much, most of AID's resources -- in agriculture but also in most other fields -- should be deployed for human resource development -- for education, for training -- in a broader sense for the strengthening of the institutional capacity of developing countries to allow them to meet their own agricultural, environmental, and resource problems.

By "institutional," we do not mean just the strengthening of national governmental institutions. To the contrary, national systems -- at least those fashioned after the typical industrial country mold -- are in some countries culturally inappropriate or too complex and expensive to be institutionally sustainable. Also undue concentration on building nationally oriented agricultural institutions tends to go against the healthy world-wide trend toward devolution of authority to local and private organizations and mechanisms.

Within the broad framework of human resource development, we believe that the most unique contribution that AID can make at this stage is to concentrate much more of its efforts on building agricultural productivity at the farm level. This is something that the big development agencies and banks are not doing and don't do well. In that line, we want to see AID support the generation of farm-tested, practical technology. We want to see AID help find better ways to disseminate tested technology to farmers. We want to see AID help larger and larger groups of farmers to adopt these cost-effective, field-tested improved plants and systems. This will require continuing and indeed increased support for agricultural research, both through the international agricultural research centers and the better national agricultural research centers. In fact, AID support for the international agricultural research centers should be increased over time, and more than by amounts needed to cover inflation.

And as I already indicated, AID must make better use of the resources of American universities and land grant colleges. In this regard, we support the collaborative research support programs (CRSPs) which, with AID's help, allows this academic community to work with agricultural research institutions and leaders in developing countries. We believe, however, these programs should be consolidated and to some extent revised to be certain that agricultural sustainability is their principal focus.

We strongly supported Congress' initiative last year calling upon AID to establish a CRSP focussed on helping developing countries to analyze their agricultural systems and determine how they can be made sustainable at the necessarily high level of productivity. The strength and uniqueness of such a program will be in its multidisciplinary nature. This last year AID began the planning for a "sustainability CRSP," but did not allocate enough funds to get it going. We urge this Committee to instruct AID to fully fund this activity by earmarking $10 million above current budget for fiscal year 1991.

How do human resource development activities aimed at agriculture and the environment fit into the criteria we suggest for program selection? We would argue strongly that concentrating on human resource development meets all these criteria admirably. There is no question that encouragement of the developing countries' will and capacity to meet their resource problems is very urgent. Nor are there any doubts in our minds about the high degree to which they serve our national interests.

But there is another kind of national interest served in supporting human resource development: that is our broad interest in creating and sustaining better systems of science and technology education, research, and communication. Developing nations must be helped to believe that all the cards of modern technology are not stacked against them. In a sense this means helping them adapt what is usually seen as modern "high tech" methods and knowledge to the different scale of problems and the varying capacities of the developing countries' peoples. We Americans are uniquely positioned to help in this regard. We know this part of science and technology as well as anyone.

In fact, everything considered human resource development in all its aspects is the part of development collaboration that we Americans do best. This fact is widely recognized by other development agencies. And overall, AID human resource efforts have fit in very well with the activities of these other development agencies. Looking beyond AID, American capacities in human resource development are highly regarded by developing countries and development agencies alike.

There is another point which deserves attention: both standing alone and in comparison with other types of development assistance, human resources development is inexpensive and a good bargain. Now, and even more in the longer run, income from education and communications can be an increasingly important "invisible" source of foreign exchange for the United States and a very visible source of prestige. Done correctly, AID expenditure for human development not only largely stays at home but also in the longer run primes new sources of dollar revenues.

Here I would raise one warning flag: in agriculture as in other areas, the United States should not just aim its human resource development programs at a high level, governmental or academic. For as we have said, it is not so much technology that is lacking -- or even the means for intercommunication of knowledge about such techniques, although that _is_ a problem. Rather it is the need to communicate this information to millions of small farmers in ways that will allow them and inspire them to increase their productivity and improve their lives. Recruitment of culturally-sensitive and technically-prepared "change agents" is as urgent a need as any we can think of.

Limits to AID's Role

What else should AID be doing -- or not doing in agriculture? It's clear to me that until we find a constructive way out of the situation of being the world's largest debtor nation -- with total debts and total requirements for debt service that make those of our Latin American friends look modest -- there will be big money problems for AID. In these circumstances, we believe that AID should be only modestly involved in helping to finance agricultural infrastructure construction and rehabilitation _or_ in structural adjustment as it relates to agriculture. The World Bank, the regional banks, and the IMF have the resources necessary for both, as well as the ability to apply conditionality, particularly environmental conditionality. We also believe that at this stage AID should not spend much money on the infrastructure side of agricultural processing -- leave that to the Export-Import Bank -- or to financing agricultural credit. Again the World Bank and the regional banks have the resources to finance agricultural credit, although -- like AID -- they must do a better job in seeing that agricultural credit is used only for environmentally-sound projects. This will not be an easy job.

AID and 1991 Appropriations Legislation

Mr. Chairman, for reasons of time, I have not tried to give you any thorough analysis of AID's recent record in agricultural development and natural resources protection. Our Committee recently completed and delivered to AID a two-year analysis of those efforts which I am glad to make available to this Committee. I ask that the short executive summary of that report be made a part of your record. If I had to characterize AID's recent accomplishments, I say that it is uneven -- some aspects excellent and inspiring, among the best things being done in agricultural development, some aspects weak and unfocused. AID has the capacity to do much better, to be more focused, even with the funds it now has. And that is why we request the Committee to introduce language into its appropriations legislation which will call on AID as follows:

> "In view of the serious threats to food security in developing nations and the growing destruction of the agricultural resource base on which productivity depends,... (AID) shall develop in cooperation with each receiving

> country a plan to sustain and if possible increase that nation's agricultural productivity without destroying the natural resource base on which agriculture depends. ... (It) shall spend not less than $500 million for necessary expenditures to carry out the provisions of Section 103, and shall place the highest priority on assistance aimed at improving the sustainability of agricultural research in recipient nations provided that not less than $10 million shall be allocated to the Collaborative Research Support Program on Sustainable Agriculture, as recommended in the Conference Report for the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1990."

This brings me to the last question: overall, how much should AID be authorized and indeed instructed to spend in Fiscal Year 1991 on the kinds of agricultural development that we have outlined above? I should start by noting that we are disturbed that despite AID's recognition of the seriousness of global food security problems, particularly as related to progressive and widespread natural resource degradation, AID has in recent years requested less and less money for its agricultural and natural resource activities. This year again its request to Congress has gone down while requests for other activities have gone up. AID could, we believe, usefully and without waste, spend double the $423.5 million that it requested this year or the $484 million that Congress appropriated last year. But given the budget problems that Congress faces, we ask you to consider:

o Appropriating $500 million for agriculture, rural development and natural resource programs, and $10 million above current budget for the Sustainability Collaborative Research Support Program.

o Earmarking or otherwise restricting the use of these funds in a way that will prevent AID from diverting them to other purposes.

o Appropriating and earmarking $500 million for population activities.

U.S. and the Future of International Agricultural Cooperation

Mr. Chairman, throughout this testimony, you will have sensed my concerns about the need to increase our American ability to respond collaboratively and with the necessary resources to the urgent problems of natural resource and environmental degradation and food security. We are worried even more because enough technology is readily available to help developing countries get a good running start on complex and long-term solutions to achieving agricultural sustainability if only we could get going.

Certainly money is a big problem. But it's deeper than that. Our foreign assistance programs -- as was so excellently documented last year by the report of the Committee on Foreign Affairs of the House of Representatives authored by Representatives Hamilton and Gilman -- have come to have too many objectives, too many targets. They have in total become too exclusively related to sometimes transitory political objectives. The result of all this in the field of agricultural development has been to downgrade -- or to put into question -- the ten to fifteen year continuity required for the success of agricultural and natural resource programs.

Today's budget stringency presents special problems. We believe that the time has come for the Congress to identify and provide some means of longer-range continuity for the best of the programs here that meet the criteria set forth here, programs that are truly collaborative, programs that deserve broader support, programs that are cost-effective, programs that are based on collaborative efforts with developing countries. If these programs cannot be assured of the necessary continuity by means used today, one formula that Congress could consider would be the setting up -- perhaps under the AID umbrella -- of discreet foundations or institutes -- the US-Israel Agricultural Foundations comes to mind -- which will ensure their continuity. Several U.S. models already exist and even better ones can undoubtedly be designed. We do not advocate that any such new institutions be placed outside Congress' appropriating authority and oversight, although they should be open to outside financing by other countries, by private U.S. and foreign organizations, and even by debt swaps. They should, however, be politically and intellectually differentiated from today's "foreign aid" and put under a whole new heading of collaborative efforts.

None of this is meant to downgrade the great importance of having a central focus like AID for U.S. collaborative efforts. Perhaps it should be organized in a different way and certainly it should be backed in a different, slimmer, more cost-effective way. The United States will need an operating arm abroad, and AID provides the right framework.

Whatever is done in the short range, we believe that there is a strong and growing constituency for finding better means for collaboration with the developing countries, not the least on the urgent problems of environmental and natural resource protection. We urge your Committee, and the Congress more widely, lose no time in deciding how we as a nation can best move into this new day of post-Cold War collaboration with the developing countries.

Dr. Joseph S. Nye, Jr., in his recent book, "Bound to Lead: The Changing Nature of American Power," sums up much that I have tried to say very aptly. He says,

> "The critical question (for the U.S.) is whether (it) will have the political leadership and the strategic vision to convert (its great power) into real influence in a transitional period of world politics ... A strategy for managing the transition to complex interdependence over the next decades will require the U.S. to invest its resources in the maintenance of the geopolitical balance, in an open attitude to the rest of the world, in the development of new international institutions, and in major reforms to restore the sources of U.S. strengths ... The United States remains the largest and richest power with the greatest capacity to shape the future."

The question is, what are going to do with this capacity?

I would only add that American cooperation with the developing countries on helping them meet these challenges of natural resource protection and feeding their people must be just one small part of such a strategy -- but a very important one.

The Transition to Sustainable Agriculture: A Two Year Review of AID's Agricultural and Rural Development Programs and an Agenda for the 1990's

Executive Summary

Central to strategies for meeting the developing countries' urgent problems of alleviating poverty and attaining food security is a requirement to increase agricultural productivity. This will become increasingly difficult to accomplish as the populations of developing countries in the tropics continue to grow by some 40% in the next twenty years while the arable lands needed to feed these increasing numbers decrease by an equal 40%. In the short run, because population will continue to soar, better management of agricultural resources offers the best hope for providing food security and feeding people in a sustainable way.

The Committee on Agricultural Sustainability for Developing Countries believes that USAID - with support from the American academic and scientific communities - is highly qualified to provide leadership for efforts to help developing countries achieve these objectives. But AID will have to make important changes in its agricultural programs, and will have to direct more resources to these programs if the Agency is to make good on its leaders' pledges to help make agricultural sustainability a reality.

What is AID's record in this regard? First, the positive side. AID has made important progress incorporating factors of sustainability into its agricultural thinking and some of its policy statements. A good body of overall natural resource policies now exists within AID. There has been laudable integration of sustainability criteria into AID's staff training and workshops, and AID has funded and supported a small but growing number of projects whose criteria and goals are based on sound natural resource management. Further, work is in progress to incorporate principles of sustainability into AID-funded research.

Yet given its commitments and its Congressional mandate, the Agency has not gone nearly far enough or been active enough in promoting practical measures for long term resource management in agriculture. AID continues to postpone the development of an overall strategy for making agricultural development sustainable. Nor is there any systematic field evaluation of existing and future agricultural or rural development projects according to sustainability criteria. Agricultural reform through structural adjustment is consistently given priority over resource management and is too often advocated as the principal process to ensure economic growth. But most importantly, the Agency has not put enough effort toward helping small farmers - particularly women farmers and even more particularly farmers on the less well endowed lands. This is so even though small farmers make up the majority of developing country agriculturalists. In too many cases AID still does not make the long term commitment necessary for successful implementation and monitoring of its agricultural programs. Agency reduction in its overall funding for agricultural and rural development programs makes this all the more difficult. In sum, the concept of agricultural sustainability has yet to become an integral part of all AID efforts.

AID Agricultural Policy and Strategy

How can this be changed? As a first step toward making sustainability an integral part of the Agency's agricultural approach, the Committee recommends that AID think out and then put into action a comprehensive strategy for fully incorporating the concept into its policies and programs. For example, AID has put a lot of thought into resource management issues, but it has not gone far enough to ensure the bringing to fruit these policies at the farm level where they count the most. In this regard, the Committee believes that efforts aimed at better resource management and maintenance must be factored into all field missions' plans, strategies and projects from the very beginning, and missions must be given guidance on how to do this. Such action has not yet been taken despite pledges to do so. To date, AID's policy of decentralization of project authority to the field mission has not worked to the benefit of small farmers and their problems, since most host country governments are still largely ignorant or indifferent to environmental repercussions and field missions are often out of touch with the latest thinking on agricultural development. To ensure more attention to sustainability factors, the Committee recommends that mission plans be reviewed by AID-Washington and revision be required when they fall short.

AID Projects and Field Operations

Within individual projects and field operations, AID must take better advantage of opportunities to introduce new and existing technologies at the farm level. Finding ways of integrating new methods is not easy, but there are a surprising number of instances where farmer-accepted means of increasing production and sound natural resource management are already in use. AID's goal should be to help with the creation of the kind of agricultural projects that have proven sustainable - projects broad enough to be widely adopted and easily adaptable to the site specific needs of farmers. AID should also seek out new technologies and models through collaboration with other development agencies,local organizations, and the international agricultural research centers.

Agency Support for Agricultural Research

In fact, in the Committee's view, a key to the creation of successful sustainable agricultural technology is the research done by the international agricultural research centers. Accordingly, increased Agency support for and greater attention to the work being done by them should have a high priority. This would involve a higher level of funding, particularly the restoration of funding for the international centers to the original 25% of their budgets as well as a readiness to increase the US contribution as the centers' needs and capacity grow. AID must also be sure that these and other AID funded research agendas are farmer-oriented.

AID and the Change Agent: Toward More Effective Dissemination of Technology

The Committee puts high priority on AID doing more to ensure better dissemination of technology to farmers - a process critical to the achievement of long term sustainable development. In too many countries, AID support of classical extension services has failed to bring about the right kind of technical support for small farmers. In such countries, the Agency should work more closely with community-based agricultural groups and private voluntary organizations as agents of change. Extension backup must be simple, inexpensive, based on farmer experience, and accessible. This may involve institutional strengthening of community-based organizations and PVOs while allowing them more flexibility in their operations. The Committee believes that matching funding requirements should be relaxed for AID-PVO cooperative activities involving agriculture and forestry.

Further, the Committee feels that on top of its efforts to achieve agricultural reform, AID must do more to convince developing country governments to adopt policies more supportive of farmers and their chosen organizations.

Institutionalization of Resource Management and Conservation

The Committee believes that before these recommendations can bear real fruit, AID must institutionalize the principles of sustainability into all its activities. This means that AID must adopt the principles and vocabulary of renewable resource management as part of Agency standard terminology; require incorporation of sustainability concepts into all programs and

projects; test all projects to determine when and how resource renewability is being achieved; recruit and promote people skilled in resource management to positions in training, policy formation, planning, program review and evaluation; and initiate discussions with developing countries on all the problems associated with the achievement of sustained agricultural development.

AID needs very basically to reverse present trends and to hire a growing number of people with scientific and technical backgrounds in agriculture. The Agency should also recruit more people who have experience with the participatory approach to development. AID also needs to make a serious commitment to seeing projects through over a longer period. New and innovative ways must be found to keep key people on the project.

The Committee also urges more intensive training of AID personnel at all levels on the concepts and practice of agricultural sustainability. This could involve sponsorship of interregional workshops in Washington as well as regional workshops in the field.

Setting the Development Agenda for Agriculture

Finally, the Committee believes that AID can take a greater lead in setting a common agricultural agenda with the many agencies in the development community. AID has the capacity, experience, and academic and scientific backup to lead the way toward institutionalizing sustainable agricultural development. The Committee recognizes the difficulty involved in convincing other development organizations to change their agenda. But agricultural sustainability and natural resource protection are themes whose time has come and AID should be a willing missionary on their behalf. Broad discussions on these issues with other agencies are long overdue.

STATEMENT OF BRUCE M. RICH, ENVIRONMENTAL DEFENSE FUND NATIONAL WILDLIFE FEDERATION

I. Introduction

Mr. Chairman, thank you for the opportunity to testify today before the Senate Subcommittee on Foreign Operations. I am Bruce M. Rich, Senior Attorney with the Environmental Defense Fund (EDF), and Director of EDF's International Program. I am testifying on behalf of EDF and the National Wildlife Federation (NWF). The Environmental Defense Fund is a public interest environmental research and advocacy organization with over 150,000 members nationwide. The National Wildlife Federation is the largest conservation organization in the U.S. and in the Western world, with more than 5.5 million members. Much of my statement reflects reflects the preparation and collaboration of my colleagues at EDF, Lori Udall, Stephen Schwartzman and Peter Miller.

Within the past several weeks two critical scientific reports have been released that underscore the urgency for the U.S. to intensify its efforts in promoting critical environmental reforms in the operations of the multilateral development banks (MDBs) and International Monetary Fund (IMF)--particularly in the forestry and energy sectors. The first, World Resources 1990-91, prepared by several U.N agencies and the World Resources Institute, reveals that the destruction of tropical forests has accelerated over the past decade from a rate of 11.4 million hectares a year to over 20 million hectares annually (more than 77,000 square miles), an increase of almost 80%. This is annual loss of an area approximately the size of Minnesota. In some countries more accurate data collection has increased estimates more than tenfold--for example, India, whose annual forest lost now is calculated at a million and a half hectares a year as opposed to 147,000 hectares annually in 1980. In some smaller countries the situation can only be described as an emergency; Costa Rica, for example, is now estimated to be losing eight per cent of its remaining forests annually.

The second study concerning global climate change recently was released by the Working Group on Scientific Assessment of Climate Change of the Intergovernmental Panel on Climate Change (IPCC). The IPCC is the United Nations sponsored entity that is coordinating scientific research and policy recommendations for the governments that currently are negotiating a proposed international convention on climate change. The IPCC working group study represents as cogent and credible an international scientific and policy consensus as we are likely to have for some time. It concluded that global warming, under a "business as usual" scenario will result a global mean temperature increase of one degree centigrade by the year 2025, and three degrees (5.4 degrees Fahrenheit) by the end of the next century, with possibly greater regional temperature increases in North America. Sea level will rise by two feet at the end of the next century--enough to completely inundate low lying nations such as the Maldives and submerge significant areas in countries such as the Netherlands and Bangladesh. These increases are unprecedented in human history.

In light of these findings--and the international scientific and policy consensus they reflect--it is unconscionable and deeply shocking that taxpayer supported multilateral development institutions should continue to promote policies and lend for operations that needlessly and negligently accelerate deforestation and global warming. This, however, is the case. Unfortunately, significant environmental progress made by these institutions in some areas is gravely outweighed by the environmental and economic harm that critically flawed forestry and energy operations are perpetrating. Energy is the biggest single lending sector for the World Bank and Inter-American Development Bank, and forestry lending is being rapidly accelerated by both institutions in partial response to the deeply flawed Tropical Forestry Action Plan.

In the remainder of this statement I will examine the progress the World Bank and IDB have made over the last year towards environmental reform over the past year, with a special emphasis on forestry and energy. The statement also examines the response of the Treasury Department and IMF to pathbreaking IMF environmental reform legislation drafted last year by this Subcommittee, as well as the need for the U.S. to increase its support for the United Nations Environment Programme and for preparatory activities for the 1992 U.N. Conference on the Human Environment. I will conclude with a review of several specific environmental reforms where we think it is critical for the Subcommittee to press for further progress. Attached is an appendix that examines in more detail examination of MDB environmental performance in a number of projects.

II. Environmental Progress of the MDBs Over the Last Year

A. The World Bank

Over the past year the Bank has approved a number of environmentally and socially beneficial projects that show that its environmental reform efforts launched three years ago are, to a certain extent, beginning to produce results. A new and critically important environmental assessment policy has been instituted, that, although it needs considerable strengthening, is an important step forward. The credit for these successes must go to individual Bank staff who, in sometimes complex and difficult institutional circumstances, are committed to make the Bank's environmental pledges an operational reality.

This progress, however, has to be evaluated in the context of the overall environmental impact of the Bank's current lending. For every new, environmentally positive project we see, we can still point to both ongoing and new projects, often much larger in scale, that are causing completely avoidable and unnecessary environmental destruction and social disruption. In the critical areas of energy and forestry--which represent the Bank's largest and fastest growing lending sectors, respectively--Bank policies and projects are promoting unconscionable ecological degradation. The Bank continues to have difficulties in dealing with the severe social impacts associated with the environmental disruption caused by its projects, particularly with respect to the forced resettlement of populations and threats to the livelihood and survival of indigenous and tribal peoples. Finally, it is no secret that the effectiveness of the Bank's central Environment Department has been strongly criticized both within and outside the Bank; this problem is partly institutional in that the Policy Planning and Research complex of the Bank, (recently renamed as Policy, Research and External Affairs), where the Environment Department is located, lacks focus in its mission and has relatively little systematic impact on operations.

1. Some Progress in Promoting Environmentally Beneficial Projects

There can be no question that over the past year the Bank has presented before its Board for approval a greater number of unambiguously environmentally beneficial projects, many of which would not have been prepared before 1987. Let me summarize a few examples:

In the Africa region the Bank's Board approved this spring a $26 million IDA credit for a Madagascar National Environmental Protection and Management project as the lead donor for an $88 million program to promote biodiversity (by supporting a proposed network of 15 national parks), soil conservation, cartography and general support for the country's environmental institutions. Also in Africa, the Bank has coordinated $600,000 in grants to assist Kenya in strengthening its wildlife parks through a reorganized parastatal park administration headed by Richard Leakey--Kenya Wildlife Services. $500,000 of these funds came from a special Japanese environmental grant facility administered by the Bank. Both Bank management and donor nations sometimes assert that the Bank is not set up to administer either small loans or grants, but this recent Kenya example demonstrates the contrary is possible if there is sufficient political will on the part of Bank staff and the financial commitment of donor nations.

In Indonesia the Bank approved this spring two loans of $170 million and $67 million for two water resources improvement projects in West Java--the Jabotabek Urban Development Projects II and III, respectively. These are projects for sewerage, drainage and water supply improvements in the densely populated West Java cities of Jakarta, Bogor, Tangerang and Bekasi as well as in the heavily settled countryside around them. The Jabotabek III project includes a $6.6 million environmental-monitoring and pollution control component that provides for, among other things, improved pollution monitoring and enforcement as well as feasibility studies for prospective industrial and hazardous waste treatment facilities. In these projects, the Bank's insistence on preparing its own environmental assessments in accordance with its new directive that requires such assessments for many projects, prompted the Indonesian authorities to implement their own environmental assessment laws and procedures.

For China, the Bank is preparing a $100 million Beijing Environment loan that will finance both physical works and institution strengthening to deal with the Chinese capital's air and water pollution problems.

For Poland the Bank approved in the spring of 1990 a pathbreaking $18 million project to assist Poland's Ministry of Environment Protection in environmental monitoring, environmental health and management of solid and hazardous wastes.

And, finally, in the Latin American Region the Bank approved earlier this year a $117 National Environmental Project for Brazil which, among other things, provides support to Brazil's environment ministry for the establishment and strengthening of a national system of Conservation Units and provides for the protection of two of Brazil's most endangered ecosystems, the Pantanal (an interior wetland and floodplain area unique in the world), and the endangered coastal rainforest. In addition, the Bank is in the process of identifying a $100 million Industrial Pollution project that would provide support for industrial pollution monitoring and reduction as well as technical assistance to Mexican environmental agencies.

The environmental benefits of these projects, however, must be evaluated in light of the overall impact of Bank lending. Unfortunately, in Third World development a dollar invested in a flawed project often unleashes much more environmental destruction than a dollar lent for environmental purposes ensures in ecological protection and rehabilitation. The Bank continues to support environmentally disastrous schemes such as the India Narmada Sardar Sarovar dam--even when other donors, such as the Japanese in the case of Sardar Sarovar--have refused to commit future funds because of popular opposition in the borrowing country. Much worse, and more disturbing, new Bank projects in the critical areas of forestry and energy are promoting tragically flawed policies with disastrous local and global environmental implications.

2. Disastrous Forestry Projects

a. West Africa

In no other area has the Bank emphasized its purported environmental commitment over the past three years more than in the forestry sector. In May, 1987 President Conable emphasized in a talk before the World Resources Institute that the most important focus of the Bank's new environmental lending would be to contribute to a global program to support tropical forest conservation. To that end he committed the Bank to increase its forestry lending 150 percent by 1989, and in September, 1989 in a speech in Tokyo Mr. Conable announced a tripling of Bank forestry lending through the early 1990s. If this target is met, Bank forestry lending could approach $800 million annually by 1992 or 93.

It is almost Orwellian, then, that a number of the forestry loans the Bank has prepared over the past year have been little more than massive infusions of cash to promote the accelerated commercial logging of some of the planet's last remaining intact forests. The Bank's apparent rationale for these loans is that to save some of the forest it must lend more money to destroy a good part of what remains. Logging is now rebaptized in Bank Speak as "sustainable forest management." Formerly non-adversary, non-advocacy environmental groups such as the World Wildlife Fund have strongly criticized these Bank forestry loans and helped mobilize concern among the Bank's Executive Directors in attempts to stop them. As a result, the U.S. Executive Director abstained on environmental grounds from approving an $80 million loan to Cote d'Ivoire this April. Let us briefly examine some of the more recent debacles:

Early this year the Bank submitted to its Board for approval a $23 million forestry and fishery IDA project for Guinea. Yet, as World Wildlife Fund International discovered in late 1989, the so-called "forest management and protection" component of the project actually amounts to a deforestation scheme: the Bank's money will help support the construction of 45 miles of roads around two humid forest reserves totalling 150,000 hectares of which some 106,000 hectares are still pristine rainforests. Worse, hidden in the fine print of "the management and protection" section of the Bank's project document is its real thrust: two thirds of the remaining 106,000 hectares are to be opened for timber production. WWF prepared a critique of the loan that provoked considerable discussion by the World Bank's Board but did not succeed in delaying or modifying the project. Bank staff argue that without the project logging would proceed at a much greater rate and that the project offers a realistic hope of enabling the government to control and reduce logging that is already under way.

On the heels of the Guinea project the Bank's Board was asked to approve last April an even more massive deforestation scheme, an $80 million forestry loan for another West African country with rapidly disappearing forests, the Cote d'Ivoire. The main focus of the project appears to be the financing and promoting of timber production in nearly a half million hectares of relatively intact rainforest under the management of local logging companies--according to the Bank, "on a sustainable basis." World Wildlife Fund again prepared a critique of the project, particularly of the alleged sustainability of the logging component. The U.S. Executive Director abstained from approving the project. His statement cited not only the concern over opening new forest areas for logging but convincingly argued that

"Any success of arresting deforestation must also address as the very first step the fundamental issue of agricultural encroachment. The operation before us today provides no convincing strategy or plan for agricultural stabilization, nor does it address the envisioned voluntary resettlement of as many as 200,000 people." Astoundingly, the Bank's appraisal of the project flagrantly violated its own policies on resettlement: it lacked terms of reference and specific measures to assure the resettlement and rehabilitation of affected populations; in fact, the project was appraised without even ascertaining how many people are to be resettled, although some estimates ran to hundreds of thousands. At the last moment Bank staff completely dropped the resettlement component--which does not resolve the fate of tens of thousands of people still inhabiting the areas designated as production forest in the project. Attached for the record is the letter of the Environmental Defense Fund and the National Wildlife Federation to the U.S. World Bank Executive Director protesting the Cote d'Ivoire loan, accompanied by a memorandum that discusses the project in more detail.

Other projects in the World Bank forestry pipeline may be as destructive as the Guinea loan. For instance, the Bank is preparing a $30 million loan for the latter half of 1990 to Cameroon that will also promote opening up extensive areas of that country's remaining tropical forests for long term forestry concessions. The Bank hopes to make current logging "sustainable" by requiring that the government initiate a policy of granting longer term forestry concessions--20 year rather than five year concessions. Representatives of national environmental groups met with Bank project staff this spring, where Bank staff in good faith attempted to justify such loans as the lesser evil of conceivable alternatives: deforestation, they argued, is progressing rapidly; if the Bank does not intervene the situation will get worse, they maintained; Bank staff claimed that countries such as Cameroon will not ask for forestry loans unless they can earn foreign exchange from timber exports and the Bank's plan would sacrifice some forest in the hope of stabilizing the advancing front of deforestation in the Cameroon...etc. etc.

These examples show that the Bank's current forestry lending for tropical moist forest regions is not only intellectually bankrupt, it is a threat to global ecological stability and to the world's remaining rainforests. Much of the Bank's forestry lending appears to be based on the premise that tropical forests are first and foremost timber resources that can be sustainably exploited. Conservation and protection of the genetic resources and environmental services in these forests is at best a secondary or even tertiary consideration in Bank forestry projects, indeed a consideration at odds with the primary economic goal of promoting wood exports. There is no developing country where sustainable management of tropical moist forests has ever been demonstrated to be practical reality. From the standpoint of maintaining biological diversity, it is a contradiction. The Bank's recent forestry loans to West Africa are disastrous examples of these contradictions.

b. Social Forestry in India

The need for reform of the Bank's forestry lending also extends to projects in non-rainforest areas. Among the most controversial of these are the so-called "social forestry" projects in several states in India which were originally conceived to provide fuelwood, fodder, and minor forest products to the rural poor and landless, and to reforest degraded areas and wastelands. But the stated goals of these projects were subverted in their implementation. In the State of Karnataka, an IDA Forestry credit of $27 million starting in 1983 primarily promoted eucalyptus on private farmlands, village common lands, and wastelands with little involvement of the rural poor and landless or Non-Governmental Organizations. In some cases, rural community access to fuelwood and fodder was actually decreased because the poor and landless were not permitted on common lands after the state forestry department planted eucalyptus plantations on them. In some instances the eucalyptus plantations not only had perverse social impacts but also were planted in ecologically inappropriate areas, promoting depletion of water tables and exhausting soil fertility in already arid, fragile lands. In Karnataka, small farmers and rural poor were driven to protesting industry biased eucalyptus plantations, including civil disobedience involving the uprooting of eucalyptus seedlings on village common lands. The protests of rural poor and landowners in India have never been adequately addressed by the Bank, even though such groups represent the putative beneficiaries of the social forestry projects.

The World Bank approved a $165 million IDA credit in 1984 for the India National Social Forestry project with cofinancing from the U.S. Agency for International Development (AID). The project includes components in the four Indian states of Gujarat, Himachal Pradesh, Rajasthan and Uttar Pradesh. According to US AID's own midterm review in October 1988, the project failed to meet one of its main objectives of providing fuel, fodder, and minor forest products for rural populations. In fact, the review revealed that there was an overemphasis on fast-growing trees such as eucalyptus, which had an adverse impact from both a social and environmental standpoint. The review disclosed that eucalyptus was being planted inappropriately in semi-arid areas where competition for water and the need for soil enhancing treatments are high. In addition, tree tenure projects specifically designed to help the landless did not succeed because of competing land interests, and because projects were designed and implemented without community involvement. Despite the fact that the Indian state forestry departments are biased towards commercial forestry and lack the technical expertise to assist the poor and landless, these agencies are still charged with implementing the projects.

c. The Mexico Forestry Development Project

Perversely, the Bank's recent increased emphasis on forestry would appear to be nothing less than a full fledged assault on the remaining tropical and temperate forests of the developing world. Many of these projects unconvincingly evoke the rhetoric of sustainability while in reality financing accelerated mining of forest resources, with pittances thrown in for environmental studies and insignificant (in the context of the overall impact of the loan) support for "postage stamp" protected areas.

The recent (August, 1989) $45.4 million Mexico Forestry Development Project is an illuminating example. This is a project (total cost: $91.1 million) to massively promote harvesting of one of Latin America's largest remaining temperate forest areas, the extensive pine and oak forest in the Mexican states of Durango and Chihuahua. The project area covers 27.5 million hectares of pine and oak forests in these two states--an area the size of California. The Bank's project includes more than 70% of the country's estimated remaining forested area of 39 million hectares. Given the sensitivity and importance of our economic, environmental and social relations with Mexico, the U.S. has a considerable stake in the long term sustainability of this scheme--since it affects most of Mexico's remaining forests and could have profound implications for the country's ecological equilibrium.

Fifty-three percent of the total project costs ($48.1 million out of $91.1 million) are for a line of credit to finance the purchase of logging equipment and sawmills for logging enterprises and forest producers; another $33.6 million, or 37% will go to improve 1215 kilometers of logging roads. Other funds will go to finance a pre-feasibility study for a 60,000 ton a year chemical pulpmill in the project area, and a 200,000 ton per year bleached pulpmill in Durango as well as a study of the pulpability of native oak species. The project's environmental protection component is 3% of project costs ($3.4 million) and calls for monitoring of the forest harvesting and road rehabilitation activities as well as improving infrastructure in four national parks and protected areas.

Nowhere is there any discussion of the sustainability of harvesting in the appraisal report, nor is there any reforestation component.

The Bank's justification in the project appraisal report has a familiar ring: "Timber harvesting and transport and forest products manufacture will continue with or without Bank involvement in the sector. Therefore, to assure a positive 'with project' impact, the project has been designed to reduce and mitigate the negative environmental impacts of traditional forestry and forest industry practices in the two states." This is to occur, according to the appraisal report, mainly by making wood harvesting and processing more efficient, with greater utilization of harvested wood and lower costs per unit of wood produced.

As might be expected, the forest harvesting aspects of the project are proceeding ahead but the environmental components, secondary as they are in any case, are not being implemented.

This project is of special concern since the forests it threatens regulate the watershed of all of Northern Mexico, particularly the Canchos River system which provides much of the water for the lower Rio Grande Valley and is of critical importance for much of South Texas. In addition, one of the most important natural protected areas and tourist attractions in Northern Mexico is located in the heart of the project area--the famous "copper canyon," the Grand Canyon of Mexico's North. This is an officially protected area, the "Parque Natural Barranca del Cobre." Although the project provides for the support of four other protected areas, the copper canyon is not even mentioned in the project documents, even though it lies in the heart of the project area and may be seriously affected.

d. The Need for Radical Revision of the Bank's Forestry Policy and Lending

These loans raise disturbing questions not only about the Bank's approach to forestry and its accelerating forestry lending as an alleged environmental priority--there are also serious economic questions. Over the past decades we have witnessed time and time again the collapse of commodity prices for Third World exporters of products such as cacao, coffee and palm oil-- commodities that have been vigorously promoted by the World Bank and other development agencies in literally scores of countries. Now timber is being promoted in a similar fashion. If the past is any guide, the accelerated destruction of the developing world's forests may not even bring the expected short term economic benefits--how can it, with aid agencies like the World Bank and FAO promoting logging on such a massive scale in dozens of countries that the result may well be a market glut in forest exports?

The World Bank U.S. Executive Director has called upon the Bank's management to prepare a seminar in November for the Board of Directors on the Bank's overall forestry policies and lending pipeline. We understand that the Bank has begun a revision of its forestry lending policies. We strongly urge this Subcommittee, through legislation or other means, to instruct the U.S. Executive Director to promote a moratorium on all World Bank forestry loans with significant logging components until the ongoing revision of the Bank's forestry policies is completed. We believe that the U.S. Director should promote a new Bank forestry policy that will give much greater priority to conservation of the genetic resources and environmental services provided by tropical forests. Bank support for commercial logging exports should focus on the promotion and establishment of large tree plantations on land that is already degraded or deforested.

3. India Sardar Sarovar dam project

The Sardar Sarovar dam is an egregious, indeed outrageous example of how the World Bank continues to flagrantly violate its own policies and loan conditions concerning environmental and social issues in ongoing projects. With regard to older projects such as Sardar Sarovar for which the Bank is still disbursing funds (in this case, 2 IDA credits and an IBRD loan totalling $450 million were approved in 1985), the Bank often argues that it should not be held accountable for the environmental design flaws of projects designed years ago. That is not the issue, however; the issue is the Bank's continued support for the project in the face of outrageous violations of the original loan conditions, the brazen flouting by project authorities of subsequent, increasingly watered down Bank ultimatums; and massive popular opposition to the project that has turned into an unprecedented national resistance movement in India.

For the record, here is a summary of the situation, which is described in more detail in the Appendix:

1) After five years there is still no comprehensive resettlement plan for the more than 90,000 people who will be displaced by the dam, nor has land for most of the resettlement even been identified.

2) eight critical environmental studies and action plans are either still incomplete or have not been implemented; Bank loan conditions required three of these to be completed by the end of 1985.

3) Since November, 1988, the World Bank has laid down four deadlines for resolution of specific resettlement and environmental issues, the most recent deadline being May 15, 1990--each time with weaker requirements--and all four deadlines have passed with negligible compliance with the required measures;

4) Not surprisingly, the majority of the local population to be displaced by the project have declared their opposition to the project and their refusal to move from the area; several mass demonstrations numbering as much as 60,000 people have occurred in the Narmada Valley over past year, with increasing police violence and civil confrontation;

5) One of India's leading and most respected human rights activists and religious figures, Baba Amte, now lives on the site of the future dam reservoir and has vowed to die on the site rather than move;

6) The main co-financer of the project, the Japanese Overseas Economic Cooperation Fund (OECF), has announced its withdrawal from the project after unprecedented public hearings and media attention on the project in Japan over the past six months;

7) Recent field reports from several independent sources, including Narmada Bachao Andolan, a local Narmada Valley group representing tens of thousands of oustees, indicate that the resettlement and environmental conditions set by the Bank for compliance by May 15, 1990 as a prerequisite for continuing loan disbursements have been violated once again.

8) Nevertheless, the Bank's India Country Department has decided to continue to support the project; moreover the Bank is preparing a new $200 million IDA credit for Narmada Basin development that will in part mitigate the adverse environmental and social impacts of the Sardar Sarovar dam.

4. World Bank Energy Lending

The World Bank's lending program in the energy sector has been of particular concern to our organizations and to environmental NGOs throughout the developing world. Energy has become the Bank's biggest single lending sector in recent years, accounting for 18.1 % of new Bank loans in 1989 and over 20% in other years. World Bank financed energy projects have destroyed sensitive and valuable ecosystems, threatened human health, and necessitated the forced resettlement of hundreds of thousands of poor and indigenous people. We have called repeatedly on the Bank to redirect its substantial energy portfolio toward cost-effective end-use energy efficiency programs. The World Bank has devoted at most 3% of its energy and industrial sector lending to "end-use" energy efficiency improvements over the last decade. Last year the FY 1990 Foreign Operations Appropriations legislation contained detailed instructions for the U.S. Treasury to promote end use efficiency and conservation as least cost energy alternatives in the lending of the MDBs.

So far progress in the World Bank has remained mainly on the rhetorical side, though one can point to a handful of end use efficiency and conservation loans in preparation. One year ago, Bank officials told us that end-use efficiency was not the Bank's "comparative advantage." In an apparent shift in policy, Bank President Conable asserted in a speech he delivered in Tokyo last September, that the Bank would "take an active leadership role" in supporting energy efficiency improvements. However, although the Bank has substantially altered its rhetoric on this issue, its lending program remains largely unchanged. Moreover, the Director of the Bank's Industry and Energy Department has publicly expressed doubt that Bank loans to improve end-use energy efficiency are even necessary. There are also very few Bank staff with experience in end-use efficiency.

The Bank's negligence in pursuing investments in energy efficiency and conservation is particularly disturbing in light of the fact that the Third World is facing a little-known "energy crisis" which, due to the high cost of many energy investments and serious constraints on available capital, means that it will be impossible for many developing countries to meet their expected demand for energy in the coming decades strictly through increased energy supply. In many developing countries one quarter to one third of all public investment is now going for electric power; moreover, this proportion is growing and is still insufficient to meet energy demand. A good example is India, where public energy investment has grown from 20% to 31% of its budget over the past fifteen years. According to EDF's calculations, if the trends of the past decade and a half are extrapolated into the future, we find that this path of energy development is a dead end: By 2020, at current rates of growth, 99% of India's total federal budget will be spent on the energy sector alone; all of India's hydro-power will be tapped, all of India's domestic uranium reserves will be exploited, and there will be a 28% deficit in coal supply despite a nearly ten fold increase in supply over current levels. The disastrous consequences of staying this course to the bitter end would include the forced displacement of 10.6 million people--in effect creating a city of environmental refugees the size of Bombay--and the inundation of 2.3% of India's existing land area (in addition to the 1% from existing projects).

Unfortunately, the imperative for greatly increased reliance on efficiency improvements has made little or no impact on the Bank's Indian loan portfolio. Despite energy sector loans to India totalling nearly $8.5 billion over the past nine years, not a single dollar has gone towards improving the efficiency with which energy is consumed. Similarly, out of a total of $2.3 billion in industry sector loans for India in the period 1981--89, only $53 million, or 2% has gone to energy efficiency improvements (though a $225 million loan is finally in preparation). In contrast, U.S.A.I.D. has been promoting energy efficiency initiatives in India since 1987, through its PACER project (Program for Acceleration of Commercial Energy Research in India). The Appendix to this testimony contains a more detailed description of A.I.D.'s PACER project.

Moreover, current patterns of energy development in India and other developing countries entail profound international environmental risks, not the least of which is global warming through increased CO2 emissions.

There is a way out of this double bind. According to respected Third World energy specialists as well as recent World Bank proposals, Brazil, India, Costa Rica, and many other developing countries can cut the need for growth in power generating capacity by up to 30% or more through investments in state-of-the-art industrial equipment, lighting systems, air conditioners, and other energy- saving appliances. The cost of such energy saving investments is often a third or quarter of the cost of the investments that would be necessary to free up the equivalent amount of power through new generating facilities.

A recent World Bank draft energy study proposal succinctly summarized the enormous economic implications of this alternative energy investment scenario: "Estimates suggest that if 20 percent of commercial energy in developing countries were saved, total gross savings for developing countries would amount to about US $30 billion per annum or about 7.5 percent of the total value of merchandise imports. This is about 60 percent of the net flow of resources out of developing countries for debt service in 1988, and about two-thirds of the official development assistance from OECD and OPEC countries in 1987. While these savings estimates are gross and do not take into account costs associated with achieving them, additional savings in energy supply investment and non-energy related efficiency gains have also not been included. What these numbers indicate is that the magnitude of the economic impact of potential energy efficiency improvements in the developing world is very large. [emphasis added]." ("Implementing Energy Efficiency Activities in Developing Countries, A Cross-Country Exmanination of Energy and Environmental Issues, Constraints and Options," World Bank Energy Sector Management Assistance Program, Activity Initiation Brief, April 1990, pp. 3--4.)

The economic and environmental need for a shift in the energy policies of the World Bank and other MDBs is overwhelming. We cannot afford any longer to appropriate money for the World Bank and other MDBs if they do not demonstrate a radical reorientation of their lending operations in the energy sector to make investments in end use efficiency and conservation an absolute priority. Treasury must press more vigorously for the full implementation by the MDBs of the directives in the FY 1990 Foreign Operations Appropriations legislation concerning energy conservation and end use efficiency.

In addition, the IDA-9 donors' agreement contains key recommendations that could lead to concrete improvements in the World Bank's energy lending program. Specifically, the agreement calls on the Bank to:

"expand its efforts in end-use energy efficiencies and renewable energy programs and to encourage least-cost planning in borrowing countries. IDA should consider increasing its expertise in this area and further integrate the Energy Sector Management Assistance Program (ESMAP) activities into lending operations". Our continued support of IDA will be based on rapid and demonstrable progress by the Bank in implementing the IDA 9 recommendations.

The Bank should take the following steps to implement the critical energy recommendations of the IDA-9 Replenishment Agreement Report.

1) Increased Support for End-use Energy Efficiency:

The Bank should substantially increase its lending operations for end-use energy efficiency. Within a year the Bank should be able to demonstrate that a significant share -- at least 15-20% -- of the energy portfolios of both IDA and IBRD are devoted to end-use energy efficiency programs.

2) Least-Cost Planning:

The World Bank has long insisted that investments in the power sector meet "least-cost" criteria. However, the Bank has not included consideration of cost-effective end-use energy efficiency programs in its methodologies for power sector planning. As noted above, analyses in Brazil and India have demonstrated that end-use energy efficiency can be the "least-cost" energy development alternative. U.S. AID is developing a power planning model that includes consideration of energy efficiency. The Bank should work closely with U.S. AID and NGOs with relevant expertise to implement this model in all Bank borrowing countries. The Bank should support execution of least-cost planning through technical assistance components of upcoming energy sector loans.

3) The Energy Sector Management Assistance Program (ESMAP)

ESMAP is managed by the Bank with funds from UNDP and several bilateral aid agencies, and provides technical assistance for energy sector development in Bank member countries. ESMAP has been particularly active in preparing pre-investment studies for energy efficiency and renewable energy projects. However, World Bank energy lending has continued as if on a different planet from ESMAP, and most of ESMAP's feasibility studies have no impact whatsoever on Bank operations. This situation has got to change; ESMAP's work should be the basis for increased Bank lending for end-use energy efficiency programs, rather than almost an irrelevancy.

4) Improved Staff Capabilities:

While the Bank employs over 30 full-time power engineers and over 15 full-time fossil fuel engineers and specialists, it has only 5 full-time staff with experience in end-use efficiency programs. The Bank should designate one energy engineer or economist in each country department to oversee end-use efficiency operations in all sectors, including industry transportation, commercial buildings, agriculture, and households. To the greatest extent possible, these positions should be filled with new staff with expertise in implementation of effective end-use energy efficiency projects. ESMAP, with the assistance of U.S.AID and interested NGOs should coordinate ongoing training and liaison programs with these individuals.

In major Bank borrowers such as India and Brazil there are a wide variety of efficiency options that the Bank could begin to support immediately. In the Appendix to this statement EDF has prepared by way of example a discussion of such a menu of options for India.

5. Replenishment Agreement for the International Development Association (IDA)

This year, the Agreement for the Ninth Replenishment of IDA contains unprecedented language promoting several environmental initiatives for IDA lending. We strongly commend U.S. Treasury Department officials for their success in negotiating an environmental mandate for IDA projects and programs. Specifically, we support environmental language in the IDA agreement regarding increased public access to information on specific IDA projects and programs, public participation in IDA projects, improvement and implementation of the Bank's Operational Directive on environmental impact assessments, a review of existing environmental guidelines, debt for nature transactions, and increased lending for end-use energy efficiency, renewable energy programs and least cost energy planning in borrowing countries. Many of these measures have been the subject of past appropriations legislation, and will need vigorous oversight and attention on the part of the Subcommittee on Foreign Operations to ensure their implementation.

6. Involvement of Local Communities and NGOs in MDB projects and Public Access to Information

The IDA Donors' agreement stressed one point in particular that has been a concern of EDF, NWF and this Subcommittee for several years, and which has been the subject of appropriations legislation concerning the MDBs since 1985: the need for much greater involvement of NGOs and local communities in the identification, preparation and implementation of projects. While the need to involve local populations and their NGO representatives has been recognized and promoted at even the highest levels in the World Bank, relatively little has actually been done concretely to effectively expand the process in operations. Part of the problem is that a less restrictive policy on access to information is an essential prerequisite and concrete step for increased public participation and NGO consultation. We therefore believe that new guidelines in the World Bank and other MDBs for access to information should be established.

Although we recognize the need for some confidentiality between the World Bank, other MDBs and borrower countries, it is critical that this interest be weighed and balanced with other legitimate interests such as the basic needs and concerns of populations directly affected by projects, the interests of project quality and the growing demand for information and accountability by taxpayers in donor countries.

IDA IX is a test case, since not only has U.S. Appropriations legislation called for greater involvement of NGOs and public access to information over the past several years, the IDA IX donors explicitly communicated to the World Bank's Board that "Donors emphasized the importance of increasing access to environmental information about specific projects and programs and promoting public participation."

We therefore urge the Subcommittee on Foreign Operations to instruct the U.S. World Bank Executive Director to promote the preparation of a new policy on public access to information by January 1991 which shall be operational by April 1991 which will include the following principles:

1) The World Bank should establish a policy that will specifically identify a number of precisely defined categories of information that will be treated as confidential in both Bank generated documents and in country generated documents which are required by the Bank. Each category of document which is designated as confidential should be justified by compelling policy reasons such as national security, or prevention of procurement abuses.

2) All information not specifically listed as confidential should be made available in its entirety to the public both in donor and borrower countries. Final Bank generated documents that should be made available

include, but are not limited to, Environmental Issue Papers, Country Economic Memoranda, Country Programming Papers, Project Briefs, Staff Appraisal Reports, President's Reports and Recommendations, Project Completion Reports, and Project Performance Audit Reports.

3) The World Bank should assign a senior staff member in each Country Department and country resident office who has the responsibility for responding to public requests for information and for initiating contact with the public and concerned NGOs concerning specific projects and programs. Requests for information should be responded to within twenty working days of their receipt by the Bank.

4) World Bank Executive Directors should have access to Project Staff Appraisal Reports three months before the Project is presented before the Board.

B. The Inter-American Development Bank

Inter American Development Bank President Iglesias has stated his intention of making the IDB "the environmental bank". Given relatively limited resources (in relation to the World Bank), the IDB has made an extremely promising start in this direction. The next year will be critical in seeing how well the IDB implements a number of very ambitious environmental commitments.

The IDB has distinguished itself among the MDBs as the bank which has made the broadest committment to incorporating environmental and social considerations fully into loan operations, at all levels of the institution. The IDB deserves special credit for having recognized and acted on the principle that direct consultation with and involvement of local non-governmental organizations (NGOs) in project work is central to the environmental soundness of projects.

The IDB has, in delicate and controversial circumstances, moved beyond rhetorical support for NGO involvement to practical steps to expand its dialogue, and that of responsible borrower agencies, with grassroots organizations directly affected by projects. The Bank's Operations Department has taken particularly positive steps in this regard in the case of the Porto Velho - Rio Branco road improvement project in the Brazilian Amazon. We wish to commend this subcommittee, as well as the U.S. Treasury Department and the U.S. IDB Executive Director for their attention to this project as a key test case of the Bank's willingness and ability to implement environmental protection procedures. These efforts definitively have paid off. The project, and its much-discussed problems, has become a strong incentive for institutional change in the IDB, and the Bank appears to have incorporated important lessons from public discussions over its problems.

In stark contrast to the World Bank's notorious Polonoroeste project in northwest Brazil, the IDB has not allowed the completion of road paving on the Porto Velho - Rio Branco road to precede the implementation of a broad environmental and forest peoples' land protection program (the Project to Protect the Environment and Indigenous Communities, or PMACI). While some 17% of the state of Rondonia (in the World Bank's project area) was deforested by 1988, only 4.15% of Acre, (in the IDB's project area) was deforested. While the IDB's continued concern with the project is only one of several factors underlying this difference, the bank deserves credit for having defended the implementation of the PMACI before the completion of road paving. The PMACI in fact is behind schedule, (as is road paving) but the bank's field office is taking steps to transfer much of the responsibility for the program to local agencies and NGOs, an approach that we strongly support.

Institutionally, the IDB has created an Environmental Department with 15 staff positions, the Director of which is the Secretary of the Environmental Management Committee. This potentially links a technically proficient environmental staff with a high-level locus of responsibility for the Bank's operations. This could become an effective mechanism for incorporating environmental considerations into Bank projects. Hopefully the IDB's approach will avoid the needless institutional drift and lack of focus caused by the

World Bank's reorganization in 1987, which resulted in half of the Bank's environmental staff being placed in a central Environment Department in the Bank's Policy, Planning and Research Complex, whose relations to Operations have been weak and problematic.

The IDB's Environmental Management Committee has adopted procedures for classifying environmental impacts of Bank operations that requirepreparation of environmental impact assessments for projects with moderate to significant impacts. The Bank has further prepared preliminary environmental impact guidelines. If rigorously implemented, the classification procedure and appropriate guidelines should allow the identification of environmental problems in the initial steps of project design and adoption of steps to eliminate or mitigate them. In contrast to the World Bank environmental assessment guidelines, the proposed IDB procedures are more inclusive: they will require, for example, the preparation of environmental assessments for structural adjustment loans, a category that the World Bank environmental assessment procedures explicitly exclude. One area of concern for our organizations, however, involves the need for environmental assessments of supposedly environmentally benign or positive projects. We have discovered that too often such projects also need environmental assessments and design changes that would result from such assessments. The recent controversial forestry loans of the World Bank are an excellent example, since these projects were promoted by the Bank originally as examples of the World Bank's increased commitment to environmentally beneficial lending.

The Environment Management Committee also has under review guidelines for social aspects of environmentally sensitive projects, including indigenous peoples and land titling issues. Such guidelines are of exceptional importance, given the close interrelation of indigenous peoples' concerns and environmental protection in many areas of Latin America. The Bank should see that these guidelines are immediately made available to indigenous peoples' organizations and other relevant Latin American NGOs, as well as government agencies, for commentary and modifications before they are adopted.

The Bank has further circulated a paper on strategies for Bank-NGO relations. The paper contains a number of important recommendations, including the incorporation of NGO initiatives and knowledge into the project cycle at the earliest possible stage, the provision of information on projects or proposed projects to local NGOs for their review, and promotion of dialogue between governments and NGOs. This paper is of potentially enormous significance, and should be circulated to borrower country NGOs for their review and modifications. Following this review, we would urge that the modified NGO policy then be adopted by the Environmental Management Committee in the form of guidelines, or by the IDB Board of Executive Directors as Bank policy. It will also be necessary for the IDB to sensitize and train staff in its local missions in carrying out the NGO policy, since to date Bank country mission staff has had little experience in dealing with NGOs.

Notwithstanding the promising start the IDB has made, and the positive signals top IDB management has sent on the environment, the measures noted above are the beginning of a process that will require continued attention and monitoring if the IDB's potential to implement sustainable development strategies is to be fulfilled.

The most critical existing deficiency in IDB operations, and one that will undermine and sabotage the effectiveness of its environmental reforms if not corrected, lies in the Bank's systematic weakness in *monitoring* the implementation of projects and compliance by project authorities in borrowing countries with loan conditions and Bank policies. Clearly, the IDB's new environmental policies and procedures will be of little importance if the Bank does not ensure their implementation in practice.

It is also critical that the IDB elaborate and include rigorous environmental provisions in its newly initiated adjustment and sector lending. The inclusion by the IDB of such loans in the environmental assessment process is a positive step but not sufficient; the IDB needs to analyze closely the impacts of adjustment on resource management in Latin America and the Caribbean, and devise a methodology for addressing and mitigating such impacts in its non-project lending.

In addition, changes or additions to the Environment Division may already be in order: the Division includes one anthropologist, which is unlikely to prove sufficient given the close connection between indigenous peoples' land issues and environment in large areas of Latin America, as well as broader connections between land tenure systems and resource use. In addition, the Environmental Division has a single energy efficiency specialist. Given that energy lending accounted for 28% of IDB loans since 1961 (the leading lending sector), and that there is very great scope for energy efficiency improvements in the Bank's larger borrowers, there is a need for much more staff expertise in this area. It would be exceptionally unfortunate if the IDB, having made a commitment to become the "environmental bank" were to confine itself to damage control and mitigation of negative environmental impacts of its programs rather than, as the Director of the Environmental Division has promised, taking advantage of the great opportunities for promoting sustainable development in Latin America.

III. The Tropical Forestry Action Plan

Much of the World Bank's accelerated forestry lending has been justified environmentally by the Bank through its association with the Tropical Forestry Action Plan (TFAP)--a coordinated effort of international aid donors to promote, allegedly, the conservation of the world's endangered tropical forests. The TFAP was originally conceived in the mid-1980s by the World Bank, the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Program (UNDP), and the World Resources Institute (WRI), a Washington-based environmental think-tank. The TFAP's original goal was to mobilize $8 billion from the international donor community over a period of five years (1987-1991) for forestry, agricultural and conservation investments to arrest the destruction of tropical forests. The TFAP is coordinated by FAO's forestry department, and the World Bank is emerging as its single biggest participating donor.

The TFAP has evolved--or, perhaps more aptly--degenerated into a scheme whose main focus is greatly accelerated traditional forestry projects in the Third World--projects whose main impact has been and continues to be unsustainable logging of tropical forests for export. Many of the mainstream national environmental groups in the U.S. as well as numerous groups in the developing world are not exaggerating when they say they fear that an environmental Frankenstein has been unleashed. As of January 1990, 74 countries have applied for TFAP funding, which includes virtually every country on earth with remaining tropical rainforests. What began as a potentially worthwhile initiative to coordinate international lending for countries with tropical rainforests, is now revealing itself as a serious threat to the existence of the world's remaining tropical forests. Under the TFAP umbrella, billions of dollars will be poured into investment plans whose main net impact will be to accelerate unsustainable logging activities. While criticizing British government support for the TFAP in February 1990, Prince Charles succinctly summarized the TFAP as a plan "which did not look beyond chopping down trees". Recent evidence gathered by environmental organizations confirms this basic assessment.

Early criticisms in 1986 of the TFAP process by Third World NGOs, such as Friends of the Earth (Brazil) and the Malaysia-based Asia Pacific Peoples' Environmental Network (APPEN) remain extremely relevant. The TFAP represents a classical top-down approach, because it was developed in almost complete isolation from local peoples and with negligible input from NGOs. Recent estimates are that between 300 and 500 million people inhabit the world's remaining rainforests. Yet, the TFAP largely ignores the rights and needs of local communities and indigenous forest dwellers and the critical role they play in the conservation of global forest resources.

In its current form, we believe the TFAP will greatly accelerate present rates of deforestation. Through global climate change and the loss of biological diversity, the population in non-tropical-rainforest countries will also be affected by activities launched under the TFAP umbrella. While population pressure and poverty contribute to environmental degradation, they cannot be regarded as the root cause of deforestation in tropical countries, which has increased by as much as 90% over the past decade. By blaming poor forest dwellers for the ongoing destruction of tropical rainforest, TFAP fails to address important causes of current rates of deforestation, such as government policies in Third World nations and internationally financed large-scale development projects. A multi-sectoral review of national land use policies and a more policy-oriented approach will be required to effectively address the root causes of deforestation in tropical rainforest countries.

So far there has been virtually no public access to information on most TFAP programs for individual countries. As a result there has been little participation of NGOs and the concerned public in both recipient and donor countries. Recently, however, several environmental organizations, including the World Rainforest Movement (Malaysia), the Rainforest Information Center (Australia), the World Wildlife Fund International, the Environmental Policy Institute/Friends of the Earth and the Environmental Defense Fund were able to obtain documentation on individual country TFAPs and related forestry projects for eleven countries in Africa, Asia and Latin America. Case studies by these organizations confirm that the overall thrust of national TFAPs is to promote the development of commercial forestry and industrial forest plantations.

One of the first TFAP projects to come to fruition was the $23 million World Bank forestry and fishery project for Guinea-- widely criticized by World Wildlife Fund and other environmental groups, as the discussion above explains.

The TFAP investment program for Cameroon, prepared in 1988 by the FAO and UNDP, provides an illuminating and deeply troubling case study of what the TFAP is promoting. The $167 million program's principal stated goal (set out in "Tropical Forestry Action Plan, Cameroon, Mission Report," Volume I, Executive Summary, UNDP/FAO, Rome 1988, p. 1)) is to make Cameroon the largest forest product exporter in Africa within a decade. To accomplish this, the FAO/UNDP report notes, will require opening up nearly 14 million hectares (an area the size of Florida) of pristine tropical forest in southeastern Cameroon. The FAO/UNDP investment proposal concedes that getting the timber out will require the construction of a major penetration road to the sea and the building of a deep-water port--a proposal that, while not formally part of the TFAP investment program, is an explicit prerequisite for its fulfillment. The proposed road would cut through forest lands that are presently inhabited by a Pygmy population of about 50,000 people. These indigenous forest dwellers are not even mentioned in the now completed TFAP planning for Cameroon.

The World Bank's proposed $30 million forestry loan for Cameroon, discussed above, bears a somewhat ambiguous connection to the TFAP: it appears to be inspired by the general TFAP planning process, but would not necessarily constitute an endorsement of all of the goals of the FAO/UNDP investment plan.

Environmentalists around the world now fear that an ecological Frankenstein has been unleashed. The World Rainforest Movement--a Malaysia based coalition of mainly Third World NGOs--released a critique this spring of nine completed national TFAP plans. The study concluded that in most of these cases the forestry investments proposed would dramatically accelerate deforestation through increased logging; in no instance was it found that these investments would actually reduce deforestation. Recently, two of the original sponsors of the TFAP, the World Resources Institute and FAO, conducted independent reviews of the plan. Both studies concluded that the TFAP as implemented so far is not furthering the plan's original goals of arresting forest destruction and improving the lives of forest dwellers and must be profoundly restructured if it is to promote these objectives.

Not only the World Bank, but the other MDBs and U.S.A.I.D. have been enlisted in support of the TFAP.

Considering the growing body of evidence that TFAP is not the proper vehicle for protection and conservation of the World's remaining tropical rainforests, We strongly urge this Subcommittee to direct the U.S. Treasury Department to direct the U.S. Executive Directors to each of the MDBs to oppose MDB support for the Tropical Forest Action Plan until a comprehensive international review and reformulation of the TFAP is completed. The U.S World Bank Executive Director should play a lead role in this review, given that the Bank is the largest single prospective donor for the Plan. In addition, A.I.D., E.P.A. and the State Department should actively cooperate in promoting the reformulation of the TFAP.

We support the major TFAP recommendations of Friends of the Earth and other environmental groups testifying today: 1) a revised TFAP must focus on on conserving biodiversity and alleviating pressures in non-forestry sectors that contribute to deforestation; 2) the TFAP process must be reformed to ensure informed participation and involvement of local communities and NGOs; and 3) a new international steering committee and and secretariat for the TFAP must be established outside of FAO with a much wider representation of NGOs and development professionals in disciplines such as tropical ecology and anthropology.

In line with these recommendations, we recommend that the Administration's request for $500,000 for FY 1991 to support the TFAP within FAO not be granted. Rather, this amount should be designated for support of a new TFAP Secretariat--reformed along the lines iterated above--independent of FAO.

IV. The International Monetary Fund

Our organizations highly commend this Subcommittee for the IMF environmental reform legislation it drafted and succeeded in passing last year. This legislation--Section 594 of the FY 1990 Foreign Operations Appropriations bill--called upon the Secretary of the Treasury to 1) promote the additional of environmental and natural resource use experts to the Fund's staff; 2) promote the establishment of a systematic process to take into account the impact of IMF lending activities on the environment, public health and poverty, and 3) promote the creation of lending terms that would promote sustainable management of natural resources as well as measures to seek the reduction of country debt in recognition of domestic investments in conservation and environmental management.

In one sense, this pathbreaking legislation has begun to have an impact. Over the past seven months we have found that the U.S. IMF Executive Director has been extremely open to these concerns. Fund staff also appear to be more open--a contrast to previous discussions before last year where they denied the direct relevance of environmental concerns to Fund activities.

The U.S. Executive Director believes it will be possible to create a small environmental and social assessment unit within the Fund. The most likely home for such a unit in his opinion would be the Trade and Development Department. The U.S. Executive Directors' Office has also proposed that the best way to begin systematically incorporating environmental concerns into Fund Operations would be through the Policy Framework Papers that the Fund prepares for many--but not all--of its borrowers. Policy Framework Papers are prepared only for low income countries that borrow from the Fund's Structural Adjustment or Enhanced Structural Adjustment Facility. The Fund does not prepare PFPs for some of the most important developing countries such as Brazil and India, nor for borrowings from some of its other facilities--for example, for nations that request stand-by agreements.

We believe that the incorporation of environmental concerns into PFPs is a necessary, but far from sufficient condition for ensuring that Fund activities incorporate environmental concerns. We believe that it is critical that the U.S. Executive Director explore and promote further measures to ensure the systematic incorporation of environmental concerns into all Fund lending agreement for all countries. For example, the U.S. Director could pursue the establishment of a mechanism to ensure that the Fund's five regional Department heads (for Asia, Africa, the Western Hemisphere, the Middle East, and Europe) are responsible for incorporating environmental concerns in the preparation of IMF lending conditions for each region. The one concrete measure that the Fund has actually taken is the preparation of a paper for the Executive Board on the IMF and the environmental issues. This study is being prepared by the Fiscal Affairs Department and should be completed within several weeks. Other studies are proposed--but so far we see no commitment by the Fund's management to actions that will actually change the IMF's operations in light of environmental concerns.

What we have seen so far, then, is an apparent change in attitude. Experience with the World Bank and other MDBs shows, however, that nothing is cheaper for multilateral financial institutions than talk. With all the good will in the world, the U.S. IMF Executive Director will not make much progress in promoting drastically needed environmental reforms without a continued, and strengthened mandate from the Congress. There are already troubling signs that the Fund will not incorporate minimal reforms for years without further pressure. For one thing, after our meetings with Fund staff and the U.S. Directors' Office earlier this year, we urged that the subject of the environment and the Fund be a topic of discussion at the semiannual meetings this May of the Fund Interim Committee and the Fund-Bank Development Committee. This did not occur. Such discussions in these two fora are long overdue, since the matter of the World Bank and the environment, including the Bank's non--project, macro--economic policies, has been on the agenda of the Development Committee since 1987. We respectfully request the help of the Subcommittee in communicating to Treasury that the matter of the IMF and the environment must be on the agenda in the next meetings of the Interim and Development Committees that will take place in Washington this September.

Equally troubling, there appears to be no real ongoing process in the Fund--apart from the paper referred to above--to set up the proposed environmental and social unit, or to incorporate environmental concerns in the Policy Framework Papers as well as in other institutional mechanisms. We urge the Subcommittee to strengthen last year's legislation and to require the U.S. Executive Director to request that the Fund's management set deadlines over FY 1991 to ensure the accomplishment of these goals; certainly the proposed environmental and social unit as well as the incorporation of environmental and social analyses into PFPs should be in place and functioning no later than April, 1991. We would suggest that a plan and timetable to accomplish these modest goals should be submitted by the Treasury no later than the end of November of this year.

The Subcommittee's attention to the IMF's environmental progress will be especially important over the coming year, since the Fund has asked the Administration for a 50% quota (capital) increase)--the largest in its history. Within a year Congress will be asked to approve this increase, and this will be the last chance for several years for the Congress to exercise any real leverage or accountability over the Fund.

There is increasing concern in grass roots constituencies around the U.S. concerning the urgency of environmental reform in the Fund. The Fund is increasingly seen as a critical and visible actor in international economic policies that have tremendous implications for the global environment. There is a real, and growing constituency in unexpected places for ensuring that U.S. support of the Fund does not continue to further environmentally negligent activities. As just one example of U.S. grass roots concern, I would point to 46,883 signatures from the state of Wisconsin alone that were presented on petitions addressed to the Managing Director of the Fund in the first six months of this year. The petitions, gathered from students and teachers all over the state by a Dodgeville, Wisconsin based group called Save the Rainforest, urged the Fund to undertake immediate and far reaching environmental reforms, particularly with respect to the impact of IMF activities on tropical forests. I have attached, for the record, copies of the correspondence between Save the Rainforest and the Fund's Managing Director, Michel Camdessus.

V. The 1992 U.N. Conference on the Human Environment and the United Nations Environment Programme

A. The 1992 Conference on the Human Environment

The 1972 Stockholm Conference on the Human Environment sponsored by the United Nations involved a major commitment of funds and personnel by the United States to address global environmental issues. Preparation for the conference included the creation of a special Presidential Council to coordinate the efforts of different agencies as well as the involvement of key officials in the United States government.

We are concerned that a similar commitment of resources be made to prepare for the upcoming 1992 U.N. Conference on Environment and Development. It is important for the United States to take a leadership role in this important conference intended to address such major global issues as biodiversity, global warming, protection of the oceans, and environmentally sound investment, to name a few. Mr. Chairman, although the budgets for the Department of State and the Council on Environmental Quality are not within the jurisdiction of the Subcommittee we ask you and other members of the Appropriations Committee to encourage, through the Appropriations Committee, both agencies to take seriously the work of preparing for the conference. A prerequisite would be the establishment of a specific preparatory mechanism such as a Secretariat, with funding from Congress to enable it to do the job.

We ask also that the Subcommittee set aside $600,000, which could be channelled through the United Nations Environment Program, to ensure NGO involvement in the 1992 conference here in the United States and abroad. The Conference Secretariat has offered the United States the opportunity to fund a NGO liason for its Geneva headquarters. The cost for this person will be $100,000 per year.

In addition, non-governmental organizations, the private sector and the public should be fully involved and participate in the preparation of the U.S. National Report and in the preparatory negotiations for the 1992 Conference with the United Nations. To do so funding is needed to facilitate this effort through hearings, preparatory meetings, and preparation of papers for the U.S. delegation.

B. United Nations Environment Programme

The United Nations Environment Programme is an important participant in international efforts to address global problems. UNEP has been a leader in catalyzing multilateral cooperation on global warming and the ozone treaty, toxics, biodiversity, and ocean issues. UNEP is also among the lead organizations in the U.N. working to make the Environment and Development Conference in Brazil in 1992, a milestone in cooperation among governmental, intergovernmental, and nongovernmental organizations. In light of the importance of UNEP we encourage the United States to renew its commitment to the program. With the exception of the 1990 appropriation U.S. contributions to UNEP have steadily decreased from a high of $10 million in 1977 to $5.07 million in 1977 dollars in 1989. This is a poor record of support. If we consider that Greenpeace International now has a greater budget than UNEP, this is an embarrassing commentary on the developed world's commitment to what is supposed to be the premier environmental coordinating entity in the entire international system.

At the Paris Economic Summit last year the G7 nations solemnly proclaimed in the Summit's Economic Declaration that "We advocate that existing environment institutions be strengthened within the United Nations system. In particular, the United Nations Environment Program urgently requires strengthening and increased financial support." We are seeking, therefore, an increase of the U.S. contribution to UNEP to $20 million from $12 million last year, and we urge that this level be sustained for five years. The House Subcommittee appropriated $15.8 million this year, and while we appreciate the increase, the $20 million is an essential amount for accomplishing UNEP's important work.

VI. Conclusion

The national environmental organizations I represent today commend this Subcommittee and the Treasury for their critical efforts in promoting environmental reform in the public international financial institutions over the past year and in years before. Although there has been progress, the job is not done; indeed, in major areas such as forestry and energy MDB operations are increasingly being perceived as a genuine threat to future global ecological stability if radical changes are not made. And we are just at the beginning of efforts to prod the IMF to take its global ecological responsibilities seriously.

Let me summarize the major measures EDF and NWF think are critical that the Subcommittee continue to promote through Fiscal Year 1991. Many of these measures have been addressed in past Appropriations legislation, with relatively little concrete progress shown by the MDBs. Other concerns are newer, such as the Tropical Forestry Action Plan.

1. MDB Forestry Lending

a. The U.S. Director of the World Bank should continue to promote the elaboration of a new forestry policy in the Bank that will emphasize preservation rather than production in pristine tropical moist forests; production forestry should be oriented towards tree farms and plantations in degraded areas. A de facto moratorium on production oriented forestry loans in the Bank should be continued until the new policy is in place.

b. We hope the Subcommittee can raise inquiries about the need for design changes in the Mexico forestry Development Project, which may threaten the watershed of the southern Rio Grande River as well as the most important natural area in Northern Mexico, the Copper Canyon.

c. Inquiries should be made through the U.S. Directors of the regional MDBs concerning the sustainability of the forestry policies and lending of the IDB, ADB and AFDB.

2. MDB Energy Lending

The MDBs, particularly the World Bank, have not significantly changed their energy operations to focus more on end use efficiency and conservation, measures the Treasury was instructed to promote in the FY 1990 Appropriations legislation. The further emphasis of the IDA IX Donors' Agreement on such measures reinforces the need for greater pressure on the MDBs to reform their energy operations, as outlined in Section II. A. 4. of this testimony.

3. IDA Donors' Agreement

The Subcommittee on Foreign Operations should give particular scrutiny to the World Bank's implementation of the recommendations in the IDA Donors' Agreement, which urges the World Bank to finally implement numerous measures that have been the subject of past appropriations legislation.

4. Involvement of Local Communities, NGOs and Access to Information

We call upon the Subcommittee to continue to promote one of the most critical tenets of the IDA Donor's Agreement and past Foreign Operations appropriations legislation: greater involvement of local communities and NGOs in the MDB project cycle and greater access of such groups and the public to information. To further this end, we request the Subcommittee to promote, through Treasury, the elaboration and adoption of a new information policy in the World Bank in FY 1991 along the criteria set out in Section II. A. 6. above.

5. The Inter-American Development Bank

a. The Subcommittee should urge the IDB to take immediate steps to improve the frequency and quality of its monitoring of projects and compliance with loan conditions and policies. This weakness in the IDB's operations cycle could undermine the effectiveness of its recent, promising environmental initiatives.

b. We urge the Subcommittee to further promote a review within the IDB of the sustainablity of its current forestry and energy policies and lending, along the lines of measures we have suggested for the World Bank.

6. The Tropical Forestry Action Plan

a. We strongly urge the Subcommittee to direct the U.S. Treasury Department to instruct each U.S. MDB Executive Director to oppose all MDB support for the Tropical Forestry Action Plan (TFAP) until a comprehensive international review and reformulation of the TFAP is completed along the lines set out in Section III of this statement.

b. The Administration's request of $500,000 to support the TFAP Secretariat in FAO should not be granted; instead this amount should be designated for a new, independent Secretariat outside of FAO, following reformulation of the TFAP.

7. The International Monetary Fund

We strongly urge the Subcommittee to strengthen last year's legislation concerning environmental reform in the IMF along lines described in Section IV.

8. 1992 U.N. Conference and U.N.E.P.

We urge the Subcommittee to earmark resources to support preparation for the 1992 U.N. Conference on Environment and Development, as described Section V., and to appropriate $20 million for UNEP in FY 1991.

Appendix 1

Correspondence Delivering 46,883 Petitions From Wisconsin and Elsewhere to the International Monetary Fund

Letters From Save the Rainforest, Inc.

January 3, 1989

Michel Camdessus
Managing Director and Chairman of the
Executive Board of the IMF
International Monetary Fund
700 19th Street, NW
Washington, DC 20431

Dear Mr. Camdessus,

Enclosed with this letter please find 27,771 signatures on a petition addressing IMF operational policy. These signatures were gathered by students and teachers across the USA, in Japan, Germany, Sweden and England.

There is a nearly universal conviction among young people and educators in the western countries that rain forests are a vital part of the earth's ecosystem. The future quality of our world will be determined in large part by how the remaining rain forests are conserved. We do not feel that the IMF appreciates our concern. It is not enough for you to agree that tropical rain forests are important. As an institution, you must adopt new policies and aggressively implement programs that will benefit both the environment and the poor of developing countries. It is absolutely imperative that the emphasis on debt repayment be reduced and that third world countries be given a chance to slowly build up their economies without having to practice short-term exploitation of their resources.

Because the IMF seems so relunctant to make any substantial reforms and has not been responsive to the suggestions of environmentalists the enclosed petitions are merely a first installment. We are extending our petition drive to May, 1990. At that time we will reevaluate the IMF in hopes that you realize the necessity of joining us in actively persuing solutions to tropical deforestation.

On behalf of our nationwide network of schools, and our sister organizations in Japan, Sweden, England and Germany, I present these petitions.

Sincerely,

Bruce Calhoun

May 20, 1990

Michel Camedessus
Managing Director
International Monetary Fund
700 19th St., NW
Washington, DC 20431

Dear Mr. Camedessus:

Enclosed with this letter are 19,112 signatures on a petition addressing IMF policy. This brings the total number of signatures we have gathered and submitted to you to 46,883. These petitions have been circulated in Europe, Japan and the USA.

Bruce Rich, of the Environmental Defense Fund, has related to me that your organization is taking some steps towards reform, mainly that the U.S. Executive Director has promised to set up an environmental unit within the IMF. This is welcome news. The students and teachers in our group would be interested in knowing what other measures the IMF is undertaking in order to make sure its policies do not lead to further destruction of rain forests, either directly or indirectly. We plan on continuing our petition drive until we are certain the IMF has done everything possible to assure that third world countries are not pressured into unwise exploitation of their resources in order to deal with their foreign debt problems.

Sincerely,

Bruce Calhoun

Letter From the International Monetary Fund

Dear Mr. Calhoun: June 13, 1990

Thank you for your letter of May 20, 1990, and for delivering the petitions expressing your concern for tropical forests.

As you may have learned from Mr. Rich, the Fund staff is already engaged in a number of activities aimed at increasing the likelihood that national economic policies will help, not harm, the natural environment. A group of senior staff have been assigned to work on environmental and social aspects of economic adjustment. A staff paper on the relationship between macroeconomic policies and the environment is under preparation, to be followed by another paper on the environmental effect of measures adopted under Fund-supported adjustment programs. Papers on taxation and the environment will be undertaken in the near future. In recent years the Fund's Bureau of Statistics has been actively collaborating with the United Nations on the revision of production statistics, which will include satellite accounts to measure the impact of environmental changes, and expenditure statistics. The Fund has also been collaborating with the World Bank in its efforts to support environmental protection measures in member countries. For example, Fund missions are now using World Bank country papers on environmental issues as background information for annual economic consultations with member countries.

As you may also know, the Fund is at the center of efforts to assist countries in solving their external debt problems. The Fund has been supporting arrangements to reduce the debt service burdens of many developing countries, thereby alleviating in part the pressure the indebted countries face to make rapid use--sometimes misuse--of natural resources. The Fund has also adopted a positive view toward "debt-for-nature" swaps where conditions indicate that such swaps would yield additional environmental protection while contributing to economic adjustment.

I would be grateful if you could share this letter with the many teachers and students who are signatories of the petitions.

Sincerely,

Michel Camdessus

Mr. Bruce Calhoun
President
Save the Rainforest Inc.
604 Jamie St.
Dodgeville, Wisconsin 53533

bcc: Mr. Bruce M. Rich

Appendix 2

Further Information on World Bank Activities in India and Indonesia

I. INDIA

A. ENERGY EFFICIENCY AND THE WORLD BANK IN INDIA

1. The Past Decade

As in many developing countries, the current path of energy development in India is a dead end road, one for which the end is already in sight. Already, the traditional approach to energy sector development, which relies entirely on large-scale energy supply projects, has left hundreds of thousands of Indians homeless, inundated hundreds of thousands of hectares of arable land, and left the Indian economy burdened with billions in increased debt.

Over the past decade, the Indian government has spent nearly $50 billion on the energy sector, accounting for 30% of all federal spending. While this flood of rupees has resulted in a doubling of installed electric capacity, the electricity shortage has shown little improvement, remaining at around 10% of demand. The impacts of this energy deluge -- increased public debt and capital scarcity, the inundation of arable land, diversion of water resources-- have yet to be quantified. At a minimum they include the environmental and social debacle at Singrauli, where 200,000 to 300,000 poor villagers have been displaced up to five times with little or no compensation.

If the energy investment trends of the past decade were to be extrapolated into the future, we find that this path of energy development will have a dead end. By 2020, at current rates of growth, 99% of India's total federal budget will be spent on the energy sector alone, all of India's hydro-power will be tapped, all of India's domestic uranium reserves will be exploited, and there will be a 28% deficit in coal supply despite a nearly 10-fold increase in supply over current levels. The disastrous consequences of staying this course to the bitter end would include the displacement of 10.6 million people -- in effect creating a city of environmental refugees the size of Bombay -- and the inundation of 2.3% of India's total land area (in addition to the 1% from existing projects).

India needs to shift course off this catastrophic path as soon as possible. And the only way it can do so, without stifling economic growth, is to drastically improve the efficiency with which energy is produced, transmitted, and consumed. Unlike the current approach to energy sector development, a strategy which relies heavily on efficiency improvements offers the opportunity to achieve at lower cost both economic and social development goals. Almost as an afterthought, we find that much of the ruinous environmental destruction of the current approach is also avoided.

2. The Role of the World Bank

The World Bank claims to recognize the imperative to incorporate energy efficiency in the energy sector development of borrower countries. Numerous documents--nearly all produced by the Bank's Energy Sector Management Assistance Program (ESMAP)--argue that energy efficiency offers the most promising opportunities for investment in the power sector of developing countries. For example, a recent draft of an ESMAP activity initiation brief asserts that, " I in developing countries I capital requirements for many efficiency projects are often much lower, payback periods are shorter, and rates of return higher than for most supply projects." ESMAP, however, has had little relative influence on the Bank's actual energy lending.

In particular, the imperative for greatly increased reliance on efficiency improvements has made little or no impact on the Bank's Indian loan portfolio. Despite energy sector loans to India totalling nearly $8.5 billion over the past nine years, not a single dollar has gone towards improving the efficiency with which energy is consumed. Similarly, out of a total of $2.3 billion in industry sector loans (1981-89), only $53 million, or 2%, has gone to energy efficiency improvements.

It is true that some of the $8.5 billion in energy sector loans has been targeted to improving the efficiency of electricity generation and transmission--as opposed to end use--an important and valuable goal. Also, the Bank's industry division is finally preparing a $225 million energy efficiency loan which it hopes to submit for approval by the end of the year. This loan, if approved, will provide funds for demonstration projects, will require the development of a national energy efficiency center, and will be accompanied by bilateral support for technical assistance in the area of energy efficiency. These are small and tentative efforts, however, compared to the need and opportunities for conservation and end use efficiency investments.

Much more can and needs to be done by the World Bank to support the development of energy efficiency resources and institutions in India. The Asian Development Bank can also begin to play an active role in this area.

3. Opportunities for Efficiency Investments

The MDBs have a wide range of opportunities for investing in efficiency in India and elsewhere in the developing world. The possibilities include the following:

a. Support integrated least-cost planning efforts at the national and state levels.

The Bank can begin to support these efforts by requiring that all of the power sector investments it lends for be part of a least-cost plan that includes demand-side measures, and by preparing its own least-cost plan analysis in the Bank's country and economic work.

b. Lending to industrial facilities for energy efficiency improvements through national, state, and local industrial development banks.

World Bank loans totalling $66 million of this type to Hungary resulted in rates of return well above the 18% that was required. An earlier program of this type, supported solely by the Indian Government, provided preferential loans for investments in efficiency through the Industrial Development Bank of India (IDBI). While this program met with limited interest, it appears that this problem can be overcome with more aggressive marketing, reduced bureaucratic obstacles, and more attractive loan terms.

c. Provide loans to state agencies for retrofit of existing agricultural pumps.

Agricultural electric pump sets account for approximately 22% of all electricity consumed in India. Most of these pump sets are extremely inefficient with potential savings of 20-50% from a relatively simple retrofit, and savings of up to 60% from replacement of the pump itself. The electricity consumed by these pump sets is provided to farmers for an extremely low, fixed, monthly fee subsidized by the state governments. Providing loans to state agencies for investment in the retrofit of these pumps would result in a high rate of return from reduced subsidies.

d. Provide loans to support the domestic manufacture of high-efficiency equipment.

Part of the difficulty in improving the efficiency of equipment in India is the lack of domestically-produced, high-efficiency models for many types of equipment. The Bank can help to remedy this problem by offering loans to manufacturers for the construction of new facilities (or for the retrofit of existing facilities) for the manufacture of high-efficiency motors, pumps, lamps and other types of energy-using equipment.

e. Support development of energy testing facilities and labelling programs.

An important obstacle to many efficiency programs is the lack of adequate equipment testing facilities and labelling requirements. To the extent that these facilities and programs do not provide a direct economic return, The Bank is constrained from providing loans for their development. However, the Bank can support their development through conditions on other loans, and by providing support to aspects of these programs that do provide a net return (e.g., testing and labelling programs which are supported by fees from manufacturers).

f. Provide loans to municipalities for replacement of public lighting with high-efficiency equipment.

Most of the public lighting in India is provided through inefficient incandescent lamps. Mercury vapor and high-pressure sodium lamps offer much more efficient and cost-effective alternatives. The Bank can support the development of this lucrative conservation resource by providing loans to municipalities for the retrofit of existing fixtures.

g. Support institution-building and training programs.

Active institutions and a sufficient number of well-trained professionals are necessary prerequisites for implementing effective energy efficiency programs. While the Bank is constrained from directly supported training and institution-building efforts, it can provide indirect support through incorporating conditions in its loans for the support of such efforts by the Indian government and through bilateral aid coordinated by ESMAP.

h. Provide loans for the retrofit of government buildings with energy-efficient equipment.

Replacing the inefficient lamps, fans, air conditioners, and other energy-using equipment in public buildings with high-efficiency alternatives could provide significant savings to a number of government agencies. The Bank can support this program through loans to the relevant agencies. A program of this type who also help to create a viable domestic market for high-efficiency equipment.

The Bank can also support U.S. AID's energy efficiency programs in India. In particular, the ongoing $20 million Program for the Acceleration of Commercial Energy Research (PACER) promotes technological innovation in the energy sector through financial assistance to manufacturing consortia, research institutions, and energy consumers. A second program, in which the World Bank appears ready to play a supportive role, is the $15-20 million Energy Management Consultation and Training Program (EMCAT) currently at an advanced design stage. The EMCAT program is intended to be a collaborative effort between U.S. AID, domestic development financing institutions, and the multilateral development banks. U.S. AID funds will be used for the training, technical assistance, efficiency project design and development, and pre-feasibility loan studies. The Bank can support U.S. AID's efforts by actively participating in both the PACER and EMCAT programs to ensure that they result in "bankable" projects.

B. SARDAR SAROVAR DAM AND POWER PROJECT

1. Recent Developments

Last year, EDF Staff Attorney Lori Udall testified before this Subcommittee on the controversial World Bank financed Sardar Sarovar dam project in India. Since that time there have been several critical developments which require the attention and immediate action of this Subcommittee. A key development is the recent announcement on May 22, 1990 of the Japanese Ministry of Foreign Affairs that Japan would not provide further bilateral funding for Sardar Sarovar. The Japanese Overseas Economic Cooperation Fund (OECF), one of Japan's bilateral agencies, had previously loaned $20 million to India for construction of turbines for the dam. The Japanese decision was due to the fact there are inadequate resettlement plans for the 90,000 people to be displaced by Sardar Sarovar and because of the growing opposition to the project within India.

The viability of the project has been questioned increasingly at the international level both by World Bank donor government officials and NGOs. Over the last year, questions concerning the environmental and social impact of Sardar Sarovar have been raised in the legislative bodies of major World Bank shareholder countries, including Germany, Japan, Finland and the U.S. On October 24, 1989 the Congressional Subcommittee on Natural Resources, Agricultural Research, and Environment held a hearing on the environmental, social and economic impacts of the Sardar Sarovar, and subsequently six Congressman and two Senators wrote to World Bank President Barber Conable asking for a cancellation or suspension of the project. On May 31, 1990, 120 Members of the Finnish Parliament sent a letter to the President of the World Bank stating that "[Narmada Valley] projects should not receive any further funding before alternatives to the projects have been thoroughly considered and before the resettlement and rehabilitation problems have been solved or re-evaluated." On June 26, 1990, 22 members of the Japanese Diet also wrote to Barber Conable calling for a cancellation of the project.

Even within India, several state and central government officials have admitted (both publicly and privately) to NGOS representing the affected population "oustees" that Sardar Sarovar needs to be reviewed from several standpoints. On May 16, after a sit-in staged by a few thousand oustees and activists outside the residence of the Indian Prime Minister V.P.Singh, the Prime Minister agreed to an "ongoing dialogue" on the environmental, social and economic aspects of the project. On May 17,1990, 27 Members of the Indian Parliament, the Lok Sabha, wrote a letter to the Prime Minister calling for a review of Sardar Sarovar and other major dams planned on the Narmada River.

It is disturbing that in spite of these international developments, the World Bank is conducting "business as usual" and is even preparing behind the scenes for another credit of up to $200 million, which will be used in part tomitigate the disastrous environmental impacts of Sardar Sarovar.

2. Background

For five years the World Bank has been financing the construction of the controversial Sardar Sarovar dam and power project in western India. The project was approved by the World Bank in 1985 for a total of $450 million, $250 million of which are IDA credits. The project would, in theory, provide irrigation for 1.9 million hectares and 415 MW of electricity to the Indian state of Gujarat. It would also submerge 13,744 hectares of forest land and 11,318 hectares of valuable agricultural land.

Sardar Sarovar, which will forcibly displace over 90,000 tribal and rural poor people ("oustees"), is of grave concern to hundreds of Indian and international NGOs, most of whom, after five years of monitoring the project, are now totally opposed to the dam's construction. Since the approval of the project there has been systematic negligence in the resettlement and rehabilitation (R & R) of populations to be displaced, and in the planning and implementation of the project. There have been continuing violations of the loan agreement between the World Bank and the Government of India (1985), as well as violations of the World Bank's policy on involuntary resettlement (Operation Manual Statement (OMS) 2.33 issued February 1980 and World Bank Technical Paper # 80, (1988)). Land for resettlement of 90,000 people has still not been identified in all three states, nor has a comprehensive plan for resettlement and rehabilitation ever been completed, yet construction on the dam is continuing. Crucial environmental studies which would have revealed the environmental impacts and costs of the project have lagged behind for four years; action plans for catchment area treatment, command area development, flora and fauna protection and fisheries are still incomplete.

Indian NGOs who have researched the original cost/benefit analysis for the project maintain that it underestimated or omitted some of the most serious environmental and social costs of the project. Even Bank staff admitted in 1988-89 to Indian and international NGOs that the cost/benefit analysis needed to be reviewed and made oral commitments in 1989 to Indian and international NGOs that a review of the original cost/benefit analysis would be conducted; yet whether the Bank will honor that commitment remains to be seen. Additionally, a review of the World Bank's Staff Appraisal Reports (SARs) (1985) on Sardar Sarovar strongly indicate that alternatives to this project were not adequately investigated by the World Bank or the Indian State Governments involved before the project was approved.

3. Resettlement & Rehabilitation (R & R)

The Sardar Sarovar reservoir would submerge or affect approximately 248 villages in three Indian states--Maharashtra, Gujarat, and Madhya Pradesh. Since 1984, the resettlement and rehabilitation (R & R) of the 90,000 people in those villages has been complicated by inter-state politics, little involvement of or consultation with the people to be displaced, and lack of a cohesive resettlement policy and plan for all three states. While World Bank involvement in R & R in the Sardar Sarovar Project forced the three state governments to improve or finally establish resettlement policies, the Bank has acted too late and too ineffectively in promoting the implementation of these policies and has not enforced its own policy or loan conditions concerning resettlement.

Five years after project approval there is still no comprehensive resettlement plan for the affected people. The World Bank's own policy on involuntary resettlement states that a comprehensive plan for resettlement should be established *before* the project is approved, and states "examining a resettlement plan after project appraisal and negotiation is unsatisfactory". (World Bank Technical Paper No. 80, page 10) Since November 1988, the Bank has given the state governments two separate deadlines to establish R & R plans, yet when the states failed to comply with the deadlines, the Bank did nothing to enforce its own policy.

The Bank's policy on involuntary resettlement states that a resettlement plan should start by establishing the amount of land necessary to re-establish populations and this requires "having defined target areas, economically and technically viable sites acceptable to relocated populations, and timetables for obtaining and preparing new farmland (World Bank Technical Paper No. 80, page 24). *Yet five years after project approval the issue of land availability and identification of resettlement land is still largely unresolved in all three states*. Nor has enough total resettlement land for the people to be displaced been identified, which is no small task since most oustees now are supposed to be offered five acres of alternative land in the state of their choice, according to Indian state government policies.

Since the project's conception, there was very little involvement of or consultation with the oustee population to be displaced or their NGO representatives. Even the most basic information about the project and resettlement planning was restricted from public access both by the state governments and the World Bank. When involvement or consultation did take place, it was usually as a result of increased pressure or demonstrations from NGOs. This factor *inter alia* contributed over the last five years to growing distrust of project authorities and outright opposition to the project. In the states of Maharashtra and Madhya Pradesh, a majority of the oustees are now totally opposed to the dam and have started a movement of nonviolent "non-cooperation". The oustees, along with the famous social activist Baba Amte (who recently moved to the submergence area), have declared that they will stay in the submergence area and drown rather than move from their villages.

In the nine villages that have been resettled in Gujarat, there are serious rehabilitation problems which have been handled poorly by project authorities. Problems such as water, fuelwood and fodder shortages are commonplace. Land titling problems, inadequate land plots, disintegration of village units, and insufficient agricultural land have also been recorded by the monitoring and evaluation units for these villages. One report issued in January 1989 also revealed that the mortality rate in children in one of the Maharashtra villages that had been resettled in Gujarat (Parveta), was four times the national average.

4. Environmental Aspects

A comprehensive environmental impact assessment for this project was never conducted. In fact, the World Bank approved the project in 1985 before India's Department of Environment and Forests had granted an environmental clearance of the project, in part because eight crucial environmental studies and action plans which were required by the Indian Government were incomplete or not yet started. Later, in 1987, under circumstances of great political pressure, the environmental clearance was granted on the condition that the environmental studies would be conducted *pari passu* with the construction of the dam. This has not occurred. Studies and action plans on crucial areas such as catchment area treatment, development of the command area, flora and fauna and fisheries have lagged far behind schedule and are still incomplete.

In 1985, the World Bank loan agreements with the three states required the completion of an "environmental work plan," a framework to coordinate interstate environmental plans and schedules; the Bank also required studies and implementation schedules for fish and fisheries, forests and wildlife and public health aspects by December 1985. Five years later, action plans and implementation schedules for all of these are still being prepared.

The environmental studies and plans would not only shed light on the environmental impact of the project--which should have been reviewed before the project started--but would also provide information on some of the most serious costs of the project which Indian NGOs maintain were underestimated. The environmental impact of resettling 90,000 people on forest land which is already under pressure or on land which is already denuded or deteriorating has not been assessed.

The World Bank has been pressing for the release of 2,769 hectares of forest land for resettlement (held by the Central Government under the 1980 Forest Conservation Act) in the state of Maharashtra, even though that tract of land was inspected by the oustees and rejected because there were already tribal people living in and near the forest who depend on it for their fuelwood and fodder needs. With only 10% of India's surface under forest cover, and deforestation accelerating (recent deforestation estimates for India are as high as 1.5 million hectares per year) the release of forest land for resettlement is increasing controversial, and is now rejected both by some Indian governmental as well as non-governmental parties as a solution. In spite of this the Bank continued to press the state government of Maharashtra for the release of the tract, which was finally granted in late June 1990.

5. Growing Opposition in India

Over the last year, there have been major demonstrations in India against Sardar Sarovar which have resulted in concessions from both central and state government officials. In September 1989, 60,000 people demonstrated in the town of Harsud, Madhya Pradesh in a national rally against destructive development and highlighted Sardar Sarovar and a companion dam Narmada Sagar (which has now been dropped from the World Bank's list of pipeline projects in its monthly operational summary) as destructive projects which should be stopped. Subsequently, the Chief Minister of Madhya Pradesh announced that the town of Harsud would not be submerged by Narmada Sagar, and that a reduction in the height of Narmada Sagar should be examined.

Recently, on March 8, 1990, thousands of demonstrators blocked a national highway from Agra to Bombay for 48 hours in protest of Sardar Sarovar, which resulted in the Chief Minister of Madhya Pradesh announcing that his government would demand a complete review of the project, with full participation of the NGOS representing the oustees. Later, the State Government of Madhya Pradesh called for review of the Narmada Sagar project in that state which is still at the early planning stages.

From March 28-April 5, 1990 a sit-in by 400 tribals from the valley and an indefinite hunger strike by four Indian activists in Bombay resulted in the Chief Minister of Maharashtra issuing a written statement to the public and the Gujarat Government stating that "[the Maharahstra] government will be opposed to any further construction [of Sardar Sarovar] that would lead to submergence of any land in Maharashtra until there is a resettlement plan acceptable to the oustees." This was a particularly critical decision because internal Narmada Control Authority Meeting minutes of January 1990 have revealed that some villages in Maharashtra could be affected by backwater as early as June 1990.

On May 16, 1990, there was a sit-in in New Delhi staged by around 2,000 oustees and supporters outside the residence of India's Prime Minister V.P. Singh. The Prime Minister held a two hour discussion with the oustees, and promised to have an "ongoing dialogue" on environmental, social and economic issues relating to the project. On May 17, 1990, 27 Members of the Indian Parliament, the Lok Sabha, wrote to the Prime Minister calling for a review of both Sardar Sarovar and Naramda Sagar.

6. World Bank Response

Over the last few years, the World Bank has responded to the problems at Sardar Sarovar by increasing supervision missions to the valley and laying down deadlines for resolution of issues. These issues include completion of the environmental studies, completion of resettlement and rehabilitation plans, identification of resettlement land, increased involvement of the oustee population, and promulgation of resettlement policies by the three states involved. Yet in most cases the World Bank acted either too late to be effective, or disregarded recommendations of its own staff and consultants to suspend disbursements on the project. Since November, 1988, the Bank has laid down four deadlines for resolution of specific environmental and resettlement issues, and all of the deadlines have passed with major problems in planning and implementation still unresolved. There has been little substantial improvement in resettlement planning for the project or cooperation with NGOs. Bank staff have been requesting a resettlement plan since 1984 during the appraisal of the project. Yet to this date, there is still no comprehensive resettlement plan for the 90,000 oustees, nor has enough land been identified for resettlement. Identification and approval of land is a major task since most of the oustees are to be offered (on paper) five acres of resettlement land in the state of their choice.

The international controversy over Sardar Sarovar eventually caught the attention of high level officials at the Bank, and in November, 1988, Senior Vice President for Operations, Moeen Qureshi, lead a high level mission to India and met with state and central government officials to discuss the problems in the project. Qureshi also met with Indian NGOs and with representatives of the oustees and promised to follow up on their demands. Most of their demands concerned continued violations of the World Bank loan and credit agreements with state governments and violations of the Bank's policy on involuntary resettlement. The Bank subsequently made an attempt to improve the R & R situation by giving the three state governments two deadlines of December 31, 1988 and March 31, 1989 to meet loan conditions on R & R. These deadlines passed with little progress. Instead of suspending the project--as one would have expected if the Bank was serious about enforcing its policies and loan conditions--the Bank dropped many of the original conditions and Bank staff then laid down only two, weaker, conditions on R & R and extended the deadline for their fulfillment to June 30, 1989. These conditions were: 1) promulgation of resettlement policies by Maharashtra and Madhya Pradesh; and 2), release of forest land in Maharashtra for resettlement (see Section 4., above, on environmental impacts). That deadline also passed with inadequate progress, yet the Bank took no action, except to extend the Sardar Sarovar credits for another year.

In December, 1989, the World Bank once again laid down several conditions and recommendations for improvement in resettlement and rehabilitation for all three states that were to be complied with by May 15, 1990, in order for the Bank to extend one of its Sardar Sarovar credits on July 2, 1990. These conditions were also weaker then those which the Bank had previously laid down, and were severely criticised by NGOs familiar with R & R and the project's history. Yet, as the deadline passed on May 15, 1990, information from the grassroots activists in the submergence area revealed that several of these weaker conditions still remained unfulfilled (see Appendix I). Nevertheless, on July 2, 1990, Bank staff maintained that progress on the conditions was "satisfactory" and proceeded to extend the credit for still another year. Violations of Bank loan conditions and policies, and of deadlines for compliance, have become so commonplace in this project that the World Bank has now lost credibility with most NGOs working in the field with the oustees; many NGOs now refuse to meet with Bank staff on their frequent missions, and have instead taken to peacefully demonstrating against them.

7. Alternatives

A review of the World Bank Appraisal Reports from 1985 on SSP strongly indicates that the World Bank and Indian State Governments did not adequately review energy and irrigation alternatives to the project. Recent research from Indian NGOS and preliminary research conducted by EDF strongly suggest areas where the World Bank should be researching and developing energy conservation and irrigation alternatives to Sardar Sarovar.

For example, preliminary research by Peter Miller, EDF's energy analyst indicates that implementation of a coordinated set of conservation measures--high efficiency industrial motors, agricultural electric pumps, and increased use of compact florescent light bulbs in commercial and residential sectors--could develop conservation savings up to 5,142 GWh/yr in electricity generation and 2,194 MW in avoided capacity at a total cost of $1,447.8 million per year. Projected output and costs from Sardar Sarovar are 300 MW of capacity and 1,700 GWh/yr for a cost of $1,500 million. The proposed conservation program to replace the project would result in a threefold increase in electricity, and a sevenfold increase in capacity for a slightly smaller investment. Alternatively, the conservation program could produce an equivalent amount of electricity for one third the total investment with a modest penetration rate of 10%.

Large scale irrigation projects in India have a poor track record. In 1986, out of 246 large-scale irrigation projects that were started since 1951, 181 were still incomplete. In 1986, in a speech to state irrigation ministers concerning large-scale irrigation projects started after 1970, then Prime Minister Rajiv Gandhi stated "perhaps we can safely say that almost no benefit has come to the people..for 16 years we have poured money out. The people have got nothing back, no irrigation, no increase in production, no help in their daily life..." (Grave Neglect by B.B. Vohra, Seminar 346, June 1988, Page 17).

Some of these incomplete schemes are World Bank projects, including several of the Gujarat Medium II dams. Instead of sinking funds into building new projects such as Sardar Sarovar, we submit that the World Bank should fund a review of all incomplete projects, and facilitate the completion of unfinished projects which are environmentally and socially sound.

The performance and benefits of large dams in India has traditionally been exaggerated and overestimated by planners and project authorities. A recent article in the India Economic and Political Weekly ("Evaluating the Impact of Large Dams", S.K. Singh, March 17, 1990 Pages 561-573) reveals that the costs of large scale dam projects are usually always underestimated, with the average cost escalation at 254%. For example, the escalation that occured during the construction of the Tawa project (an earlier dam built on the Narmada) is estimated at 232.36%. Irrigation performance is also overestimated with huge discrepancies between the expected and the actual. For example, for Tawa the expected irrigation potential was 332,000 hectares, but the actual area that was irrigated was 87,000 hectares. The life of large dams in India has also been over-estimated with the average difference between the expected and actual siltation rates being 579.01%. On the other hand, the costs of waterlogging and salinity are often underestimated. Recent estimates from India reveal that due to inappropriate irrigation projects, and poor drainage, 6 million hectares in India have been severely affected by waterlogging, and 4.5 million hectares have been affected by salinity.

For several years, Indian NGOs have questioned the original cost/benefit analysis of Sardar Sarovar, maintaining that many of the most serious costs of the project were either underestimated or totally excluded. These costs include costs of mitigating public health impacts, waterlogging and salinity, the full costs of R & R, and the costs of submergence of forest land used by the rural poor for their biomass needs, and the value of prime agricultural land that will be submerged in Madhya Pradesh state. NGOS maintain that crop yields for the command area are exaggerated, and far beyond anything achieved in other large scale irrigation projects in India. Equally exaggerated by the state of Gujarat in its glossy brochures on the project are the alleged irrigation benefits for the drought prone regions of Saurashtra and Kutch districts; the Gujarat government claims that the problems caused by drought in these areas will be totally solved. Yet NGO analysis of available Indian Government documents revealed that out of 69 talukas (a sub-division of a district) in Saurashtra, 56 talukas (81%) will not get any water from Sardar Sarovar, and in the Kutch district, 5 out of 9 talukas will not get any water.

Some Bank staff have agreed there is a need for a review of the original cost/benefit analysis, yet there is not a definite timetable for this review nor is it clear that it will be conducted publicly or with input from NGOs.

We submit it is time that the World Bank, in collaboration with with the Indian Government, seriously research and give assistance to small scale, community based alternative irrigation projects and alternative land use techniques. EDF preliminary research on irrigation alternatives has revealed a number of small scale alternatives which can be developed by rural communities in accordance with the needs of their particular geographical areas, as well as enhance the self reliance of these communities. Small scale irrigation methods which merit further research and development include percolation tanks for collection and storage of water, micro-catchments, terracing, contour farming, khadins (a traditional water storage technology), and check-dams.

The problems in Sardar Sarovar serve to underscore a much broader issue in World Bank project lending: whether there is validity or value in continuing to finance large-scale top down development projects which are planned in secrecy and imposed on rural communities, when there are viable alternatives and land use opportunities that would benefit a broader range of people, particularly the rural poor and tribal people. Increasingly, this question is being asked by human rights and environmental activists all over India and in other developing countries. As the famous Indian activist Baba Amte stated in a letter to then Prime Minister, Rajiv Gandhi, protesting Sardar Sarovar and other dams planned for the Narmada Valley, "We must never lose track of the basic questions: development for whom? And at what price?"

8. Conclusion

The Sardar Sarovar project is plagued by systematic negligence of basic resettlement and rehabilitation planning, violations of loan agreements and of the Bank's policy on involuntary resettlement, incomplete environmental studies, and inadequate cost/benefit analysis. Therefore, we fully support grassroots organizations in India in their opposition to this project and we submit that continued World Bank involvement can only erode the Bank's credibility and its new found commitment to environmentally sound and sustainable development.

We urge this Subcommittee to call for a cancellation of the project through the U.S. Treasury Department and the U.S. Executive Director to the World Bank, as well as to communicate these concerns directly to World Bank President Barber Conable.

C. SOCIAL FORESTRY PROJECTS

Among the most controversial forestry projects financed by the World Bank are the so-called "social forestry" projects in India. In recent years the World Bank has financed seven social forestry projects in India for a total of $345 million in IDA Credits.

Social forestry was originally conceived by the Indian Government as a response to the forestry crisis and to accelerating deforestation in India (Recent estimates for deforestation in India are as high as 1.5 million hectares per year). The original objective of social forestry projects (including those financed by the World Bank) was to assist rural communities and landless people to meet their needs for fodder, fuelwood, small timber, fruits, and minor forest products through community-planned and -managed tree plantations and nurseries. However, most social forestry projects have come under increasing criticism because they have failed to adequately involve local communities and the rural poor--supposedly the main beneficiaries. Instead, these projects have catered to urban and commercial interests though the widespread promotion of fast growing tree species for pulp and paper manufacture, rayon production, urban fuelwood supply and other commercial uses. Private farmlands, wastelands, and community lands have been converted for these uses, and in a number of cases the access of poorer rural populations to fodder, fuelwood and other forest products has actually been reduced. The widespread planting of eucalyptus in ecologically inappropriate arid areas has led to degradation of soils and water tables, rather than their enhancement.

In 1984, The World Bank approved the India National Social Forestry project for $165 million for the four Indian states of Gujarat, Himachal Pradesh, Rajasthan and Uttar Pradesh. The project was co-financed by U.S. Agency for International Development (AID) and had four objectives: 1) to increase production of fuelwood, small timber, poles and fodder; 2) to increase rural employment, farmers' incomes and opportunities for participation by landless people; 3) to reforest degraded areas, wastelands, and reduce soil erosion; and 4) to strengthen forestry institutions. A 1988 midterm review conducted by AID revealed that the project was not meeting its objectives, and from both an environmental and social standpoint has several shortcomings. The USAID review found that the project's emphasis had been on the promotion of fast-growing tree species such as eucalyptus on privately owned large farms and wastelands to provide wood products to paper and pulp industries and commercial institutions.

AID's review documented that eucalyptus was inappropriate in meeting the project's objectives because of its lack of fodder value and ineffectiveness in soil building. It also documented that eucalyptus was being used inappropriately as a monocrop in semiarid areas where competition for water and the need for soil enhancing treatments are high. The review also noted that the project was not meeting the subsistence needs of the local people, and therefore was ineffective in reducing pressure on existing forest lands. In addition, tree tenure projects specifically designed to help the landless did not succeed because of conflicting land interests and lack of community involvement. Very little attention had been paid to land use patterns; programs which were targetted to help the poor had suffered from insufficient attention and focus.

The AID report cited lack of participation of local communities in the design and implementation of the project, as well as over-reliance on industry-biased state forestry departments, as the main causes of the project's shortcomings. Project plans were drawn up without first consulting villagers on crucial matters such as the selection of tree species that would best meet their needs for fodder, fuelwood, and minor forest products. Training for village and small nursery management, which is vital to community control and involvement, was nonexistent in the social forestry project, according to the AID midterm review.

The World Bank-financed social forestry project in the State of Karnataka has been the subject of controversy among local communities for years. World Bank involvement in the project dates to 1983, when it approved an IDA credit of $27 million. The project has promoted the planting of eucalyptus on private farmlands, village commonlands, and wastelands, with little involvement of the rural poor and landless or NGOs. In some cases, land already being used by the poor and landless for their basic biomass needs has been transferred to industry.

The Karnataka State Forestry Department, the institution charged with implementing the project, does not have the institutional capacity or will to reach out to local communities, and forestry officials who have broad police powers are often in direct conflict with the rural poor and landless. Many rural poor and landless in Karnataka are have faced increased hardships from this land conversion and have actively rejected the promotion of eucalyptus. Organized protests by small farmers and the landless have included civil disobedience involving the uprooting of eucalyptus seedlings on village commonlands. Although the World Bank's own midterm review identified most of these problems in 1986, according to grassroots activists in the project area there has not been substantial improvement in the project to help the rural poor and landless. There is still a serious need for community planned and managed plantations and nurseries, and for promotion of a broader range of tree species which are more useful for meeting the needs of the rural poor and landless.

II. INDONESIA

A. TROPICAL FORESTRY ACTION PLAN, (by Agus Pernumo, Intern, Environmental Defense Fund/Friends of the Earth)

The Indonesian National Tropical Forestry Action Plan was released on May 1990, at a Roundtable Meeting--the so-called second stage meeting--organized under the auspices of the Tropical Forestry Action Plan. The plan has been criticised by many environmental groups because of its failure to include local people in its development process and because it appears to promote unsustainable logging activity. It pays little heed to the needs of people who live in and around Indonesia's forests, and it is not integrated with other aspects and sectors of Indonesia's social and economic development.

1. Bogus non-governmental participation

Participation of national and local environmental organizations was almost non-existent. WALHI, the Indonesian Environment Forum, which is the umbrella organization of most Indonesian environmental NGOs, received the invitation and the materials to participate in the Roundtable II only a week before the meeting; SKEPHI, the Secretariat for the Indonesian Forest Conservation Network was notified only three days prior to the meeting. Thus, the Indonesian NGOs had very little time to prepare their responses to the proposed Indonesian TFAP. More importantly, there were no public hearings and meetings with local people who will be affected by the TFAP. The Government of Indonesia, the Ministry of Forestry, the Food and Agriculture Organization of the United Nations (FAO) and the World Bank demonstrated their reluctance to admit significant participation on the part of NGOs and local people's organizations in the TFAP process.

2. A plan to promote accelerated logging with cosmetic environmental components

The Indonesian TFAP will in all probability accelerate deforestation, since its main focus is on on forest-based industrial development. It reiterates a target set by the Indonesian Five Year Plan (1989/90- 1994/95) to increase forest production to an annual level of 32 million cubic meters of round logs. But, as recognized by the plan itself, there has never been an example of sustainable logging activities in Indonesia. The Indonesian TFAP document assumes that this increase in logging will be sustainable if a hypothetical 35 years cutting cycle of TPTI (Indonesian Selective Cutting and Replanting System) is enforced, along with more stringent government logging regulations introduced last year. All past experience would indicate that this is a fatally flawed assumption.

In addition, the Government of Indonesia has taken actions recently that actually increase even more the probability that future logging activities will be unsustainable. The government has changed the refundable Reforestation Guarantee Fund to a non-refundable Reforestation Fee and at the same time increased the amount of this fee from $4.00 to $10.00 per cubic meter. This fee, which is similar to "logging tax", is not now specifically targetted for financing reforestation or re-greening activities, despite its name. Without a clear requirement that the proceeds of the "Reforestation Fee" be used in reality exclusively for reforestation, the money most likely be used for other purposes, such as servicing the Indonesian foreign debt or financing the growth of downstream processing of forest products.

The TFAP in Indonesia is just one of many programs of the Ministry of Forestry; the government views it as merely one of many programs to implement the Indonesian Five Year Plan--which has an emphasis on increasing production of round logs. The Indonesian TFAP document has a lot of cosmetic rhetoric concerning the problems posed by deforestation accompanied by green sounding phrases, particularly repetition of the catchword "sustainable." When all is said and done, it is basically a plan to accelerate logging. In its current form, it will serve as a means to channel additional funding to the Indonesian timber industry with some cosmetic programs such as conservation research, pilot projects, and awareness creation activities that will have little real impact. Before endorsement can be given to the Indonesian TFAP, radical changes are needed--most importantly, a change of bias from forest exploitation to forest conservation.

3. Exacerbation of debt and poverty problems

The Indonesian TFAP includes the World Bank's projection of growth for the plywood industry of 6.7% this year and 7.5% per annum until 1993, and uses these figures to justify the need for further exploitation of Indonesian tropical forests. Most of the assistance to increase the productivity of the forest industry under the TFAP would be in the form of loans. Many NGOs in Indonesia and elsewhere fear that the TFAP will not only promote increased deforestation, but add to an already excessive foreign debt burden on the Indonesian people.

Rather than financing TFAP projects with traditional loans, the developed countries could have a better assurance of tropical forest sustainability by exploring new ways of international funding collaboration--as has been demonstrated, for example, on the issue of phasing out the Ozone depleting substances. In the case of tropical forests, multilateral funding needs to be more concessionary, with longer grace periods. Otherwise, new loans for the forestry sector will only increase the pressures to over-exploit forest resources to meet the increased debt servicing needs.

B. WETLANDS TRANSMIGRATION IN INDONESIA

Summary of A Report Prepared Jointly by
Natural Resources Defense Council
and
WALHI, The Indonesian Environmental Forum

For the past decade, the World Bank has been deeply involved in Indonesia's wetlands transmigration program, the attempt to systematically relocate people from Indonesia's crowded inner islands, Bali and Java, to drained wetlands sites on its large and relatively uninhabited outer islands. It was clear at the time the Bank became involved, and is now clearer than ever, that Indonesia's wetlands are in many cases simply unsuited to the intensive settlement and rice cultivation envisioned by transmigration planners. Enormous social disruption has resulted. In addition, large-scale destruction of extremely important wetlands, mangroves forests, and lowland tropical forests has occurred.

1. Problems in Wetlands Transmigration

The problems encountered on transmigration sites in the wetlands of Indonesia's outer islands include:

a. Acidic Soils

Indonesia's wetlands often contain acidic compounds and toxic compounds that are liberated when the wetlands are drained and cultivated. Acid soils and runoff have created serious problems for agricultural productivity and community health. Crops will not grow at all or, if they do grow, are frequently defective or sterile. For instance, rice may be cultivated but the rice kernels may be hollow. Coconuts may grow, but there may be little or no coconut meat inside the shell. Communities living in wetlands sites where the water is acidic cannot drink the water or use it for cooking or for bathing.

b. Agricultural Pest Infestations

Because wetlands conversion alters ecological checks on the populations of agricultural pests, many transmigration sites have been plagued by pests ranging from wild boars to insects to rodents. Some experts estimate that up to 30-40% of the rice crops are eaten by rodents.

c. Drainage and Irrigation Problems

The key infrastructure supporting a wetlands transmigration site is its drainage and irrigation canals. Serious malfunctions and inadequacies in canal systems have created a variety of problems in community health and in agricultural productivity. Canals are often improperly maintained, overgrown with weeds, and clogged with broken-off chunks of drained peat. This cuts off access to markets, communication, and contact with the outside world for thousands of families. Whole villages have been isolated.

Acids released by rice-field development, drainage systems, and other disturbances associated with wetlands drainage and conversion build up in the canals and are not properly flushed out of the system. In addition, wetlands settlers cook, bathe, and defecate in these waters.

As a result, canal water, which is used for drinking, bathing, and irrigation, is contaminated with human and animal feces and bacteria, and is very high in acid. Poor water quality has led to skin diseases and, in at least one case, an epidemic of cholera. During the dry season, when water is in short supply, most settlers are forced to buy their water.

d. Saltwater Intrusion

During the dry season, as rivers subside, saline ocean water penetrates inland. Saline water entering irrigation canals and rice field at transmigration sites creates serious sanitation and health problems because salt water cannot be used for drinking or cooking and causes skin problems for people who bathe in it regularly. Saline intrusion also reduces agricultural productivity because rice cannot grow in saline water.

e. Floods

Many transmigration sites are at the base of watersheds in which upland forests have been degraded. Normally forests areas would act as sponges, absorbing heavy monsoon rains and releasing them slowly. But without forest cover, these rains are immediately released into the rivers, flooding transmigration settlements. Floods threaten life, health, and property, and also disrupt rice cultivation, which depends upon careful regulation of water flows in each phase of cultivation.

f. Increased Environmental Stress on Tropical Forests

The environmental destruction caused by transmigration onto drained wetlands is not limited by the boundaries of the transmigration sites. Poor agricultural returns and intolerable living conditions drive farmers beyond the neatly drawn boundaries of their government wetland plots in the search for subsistence. Once settlers sell the rights to exploit the timber on their land, and then the land itself, they seek cash by hiring themselves out to timber companies working within the forest concessions near their transmigration project. They also work as independent loggers, cutting down the forests outside officially permitted concession areas, floating the logs downriver, and getting paid in cash.

Forests in areas near transmigration sites are being denuded of marketable timber and other forest products by thousands of transmigrants searching for basic needs such as cooking wood, house posts and other materials, and cash income from timber mills. Taken together, legally-recognized timber concessions and the cutting of timber by transmigrants to meet basic needs have placed relentless destructive pressure on priceless, environmentally crucial coastal forests. Although maps of the islands of Sumatra and Kalimantan show immense tracts of lowland primary forest, overflight of such tracts reveals vast denuded areas which have been cleared of their marketable hardwood timber.

g. Social Disruption

From a social perspective, failed wetlands conversion projects have effectively reproduced the conditions of landlessness, dependency, and poverty which these projects were designed to alleviate. Most transmigrants are either poor farmers familiar with the productive volcanic soils and watersheds of Java, Bali, and Lombok, or landless laborers with no experience at all in farming. Once relocated on environmentally inappropriate, poorly managed sites, these people have been forced to sell the timber on their land, and then the land itself. Finally, they have sold their own labor, to work on lands formerly theirs. They had become share-croppers on someone else's extensive holdings. In these unfortunate cases, wetlands transmigration has increased the pauperization and disenfranchisement of Indonesian peasants.

2. Continuing World Bank Involvement in Wetlands Transmigration

The World Bank's involvement in wetlands transmigration began in 1981. Despite more than a decade of experience under the Indonesian government's program that suggested that wetlands transmigration was very unlikely to succeed, the Bank predicted that rice could be successfully cultivated on drained wetlands sites. A sufficient rice surplus was forecast to result in economic rates of return of up to 13%.

The pilot project, Karang Agung I, was intended to move approximately 2,800 families (14,000 people) onto 7,200 hectares of drained wetlands sites. The main project, Karang Agung II, would be the home to more than 11,500 families (55,000 to 70,000 people) on 30,000 hectares of drained wetlands.

Planners did not systematically examine the soil and hydrological conditions at the proposed sites and understated the possible negative environmental effects of wetlands drainage. As a result, many of the negative consequences of transmigration experienced in Indonesia in the 1970's were repeated in the World Bank sponsored projects in the 1980's. Rice yields were often insufficient to provide even the subsistence needs of transmigrants, and surpluses sufficient to provide economic returns never occurred. Economic rates of return fell far below the rosy prediction of more than 12 percent. In fact, the rate of return on Karang Agung II was negative. By 1989, there were supposed to have been 11,500 families, about 60,000 people, at Karang Agung II. Instead, by December 1989, there were only about 2,000 families -- less than one-fifth of the number planned. Transmigrants have abandoned reclaimed wetlands sites at a rate of 40 to 50 percent.

The World Bank is now involved in developing a number of new loans to support the Indonesian transmigration program. These projects include the Swamps Second Stage Development, Transmigration Second Stage Development, Integrated Swamps Development, and ongoing operations at Karang Agung II under the Repelita IV loan.

The World Bank has recognized many of the problems that exist in transmigration sites and claims that upcoming loan will correct problems at existing transmigration sites, rather than opening new sites. Nonetheless, WALHI and NRDC believe a number of guarantees should be included in any loan associated with transmigration to ensure that the disasters experienced in past transmigration projects are not repeated. These guarantees include: (1) a moratorium on further wetlands transmigration until rehabilitation of existing sites is completed and studies demonstrate that new transmigration can be successfully undertaken; (2) systematic public participation in the entire process of planning and carrying out loans related to wetlands transmigration; (3) comprehensive study of Indonesia's wetlands and development of a master plan for development that includes designation of protected areas; (4) comprehensive environmental assessment of individual wetlands sites; and, (5) provision for the basic needs of current transmigrants, including fresh water and sustainable agricultural crops.

Attachment

Report of Narmada Bachao Andolan on violations of the World Bank May 15, 1990 conditions for continuation of support for the Sardar Sarovar dam and power project

A NOTE ON THE ACTIONS AND RECOMMENDATIONS FOR SARDAR SAROVAR PROJECT (SSP) STIPULATED BY THE WORLD BANK WITH A DEADLINE OF MAY 15, 1990

This report is on the status of work with respect to the actions and recommendations made through the World Bank reports of December 1989 (Appendix II).

Madhya Pradesh (GOMP)

(i) "Employ an M & E agency in place of [Harisingh Guar University] HSGU": The Government of Madhya Pradesh (GOMP) has decided to continue with the agency as "it would otherwise create problems." Please note that the earlier agency, Sagar University, had recommended stoppage of dam construction.

(ii) "Finalize and announce the decision to acquire inaccessible land and economically socially unviable villages and to resettle and rehabilitate those people affected": GOMP has only cited their same old policy statement which recommends case by case scrutiny and decision. This, as anyone who knows the reality in India would know, can only help the government avoid its responsibility.

(iii) "Provide a detailed preliminary plan (including land availability data, details of infrastructure and amenities, costs and timetables) for the handling of the first 17 villages of oustee households which decide not to move to Gujarat: The plan is not ready at all. Recently, the Government has started using policemen with guns and physical force to get the survey done and has even taken to beating a few tribals, including a pregnant woman in the village of Anjanwara, Tehsil Alirajpur, Madhya Pradesh (See Appendix III). GOMP has not been able to identify land for those who wish to settle in MP. Neither has the GOMP actually collected benchmark information from the villages (except a very few). Nor has it surveyed the area to learn the people's choice of state to resettle in (Gujarat or Madhya Pradesh). The infrastructure and costs for resettlement are far from planned. The GOMP has made highly contradictory statements on whether or not villages have been surveyed. The fact is, they have not.

(iv) "In conjunction with Gujarat, provide written confirmation of al arrangements satisfactory for the first 17 villages in Madhya Pradesh, and to both states involved, concerning transfer of adequate land in Gujarat for households in these villages which have opted to move to Gujarat, and administrative arrangements covering all aspects of resettlement of Madhya Pradesh oustees in Gujarat (eg arrangements to show land to oustees, transfer of titles to oustees, etc.)": Except for the land being shown on paper, nothing much is being done. The only land in Gujarat properly assessed by Madhya Pradesh officials is from the village Guttal, which is what has been put before the oustees for the last few years. It is said that 2,904* hectares of private land in Gujarat is suitable for Madhya Pradesh oustees out of which 549 hectares has been seen and accepted by the Madhya Pradesh oustees.(*How this figure rose to 3,400 hectares in GOMP's written response to the World Bank is a mystery!) Both of these are untrue. The private land identification has yet to go through a number of stages before finalization, which at this stage can only be said to be uncertain.

The land said to be approved by the oustees is being done through a manipulated process of transporting any people who will go to the land, many of whom actually went to see the dam rather than the resettlement land. So-called inspection and selection of land also was done by only a very small group of oustees from three hamlets in three-quarters of the villages such as Katarkheda and Bhavti in Madhya Pradesh (These villages are not from the group of first 17 villages but located further upstream), while there is total non-cooperation by the rest of the families in these villages, as well as 190 other oustee villages in Madhya Pradesh. It is due to all this that Government of Gujarat (GOG) has been complaining about GOMP not furnishing the list of oustees willing to shift to Guttal. Those who have moved are landless families who are promised land titles while those from Maharashtra who moved to Gujarat seven years ago have not gotten titles yet. Whether oustees from Maharashtra and Madhya Pradesh can still get land titles in Gujarat under its present law is still being discussed. In short, GOG and GOMP are not concerned about real planning, but with a showy shifting of a few people willing to move. All this, to say the least, is fraudulent.

Most shocking is GOMP's report to the Bank which says "No oustee in these (the first 17 villages) villages has expressed a desire to remain in Madhya Pradesh. However, if any oustee so decides arrangements will be made." The reality is that they were never given a choice during the last several years and the fact that the majority are now opposed to any resettlement and (hence the dam itself) is deliberately kept hidden from the Bank.

Concerning administrative and other issues, it is openly accepted by Government officials that they are not yet resolved, thus violating the condition. To report to the World Bank, in the same context states that the interstate taskforce meetings are regularly being held, is also untrue, as

GOMP has complained at the April 1990 Narmada Control Authority meeting that the said meeting was not held for at least six months.

The recommendations, on which satisfactory implementation progress was expected, by May 15, 1990, by the Bank, are almost totally violated. A few comments can reveal the situation:

(a) As the GOMP has not surveyed all the villages to be affected, any action plan as accepted by the Narmada Control Authority in the meeting on April 17 cannot have been prepared. All that GOMP has produced is a time frame which also has a very weak basis and is tentative! Even the first 17 villages are reported to have been surveyed. This is untrue. This is proved by the fact that there was a violent confrontation between policemen and villagers on May 12-18, 1990, when the officials were trying to forcibly survey five-sixths of the villages (out of the first 16) in Alirajpur Tehsil.

(b) Updated estimates or even a time chart with targets for 1990-91 are therefore unavailable. How can the financial estimates be prepared when neither the number of oustees, exact list of affected villages, land for relocation and its price are not yet ready?

(c) GOMP lied in its written response to the World Bank when it talked of efforts to develop constructive collaboration with NGO's. There is only one organization representing all the oustees from Madhya Pradesh villages, Narmada Ghati Navnirman Samiti (part of Narmada Bachao Andolan), and there has been no effort to involve or consult with this NGO. The government has within the last two to three months cultivated a closed atmosphere by utterly false allegations about the oustee's using force and by instigating violent attacks on villagers on April 6th and May 12-18 (See Appendix III)

(d) Submergence data is not yet finalised. The recently announced list (in the newspapers) of affected villages and areas differ from the earlier official ones. Lists of affected villages and backwater levels are not yet final.

(e) Compensatory afforestation and catchment area treatment plans are not yet finalised. Finances for catchment area treatment area not yet ensured.

Maharashtra (GOM)

Actions required by World Bank by May 15, 1990

(i) "Obtain from GOI full and final clearance to use some 2,500-3,000 hectares of reserve forest land for resettlement of oustees in Maharashtra." Not obtained and not likely, either! GOI has clearly rejected the proposal and rightly so. The oustees have rejected the land themselves after thorough inspection, but that fact has been concealed by the GOM. A detailed note on the proposed forest land is enclosed herewith (Appendix IV).

The total requirement of land for resettlement for Maharashtra oustees has gone up to 4,000 ha. with major sons included in the list and that could rise further with other categories of villages and families to be included in the list of oustees. This, in any case, is neither proposed nor can it be met with forest land. GOM has categorically stated in writing that there is no other land available for resettlement .

(ii) "Post of the Additional Collector": Position approved but not yet filled.

(iii) "Finalize and announce a cut-off date for encroachers and major sons, (ideally not earlier than 1987 in either case which would coincide with with the projects environmental clearance)": The cut-off date for major sons is announced as January 1987, while environmental clearance was granted on June 1987. GOM has not accepted giving two hectares of land to every major son. The cut-off date is only for giving house plots. May oustees will be deprived of resettlement land. GOM has refused to change the cut off-date for encroacher oustees.

(iv) "Finalize and announce the decision to acquire inaccessible land and socially and economically unviable units, and to resettle and rehabilitate those people affected.": A firm decision has not been taken (as of May 15).

General Recommendations of World Bank.

(i) Policy issues are not yet resolved: Land for landless farmers, for example is not yet even considered beyond one acre per landless family, which is totally inadequate. Compensation procedures and other matters which could have been resolved have not been.

(ii) A comprehensive R & R plan for 1990-91 requested by the Bank by February 15, 1990 has not been prepared and cannot be considering the present status of records and land identification.

(iii) Any further planning of R & R and updating of village-level resettlement records is not possible at this stage except on paper, as land itself is not available. The oustees' organizations went through the updating of records for the first nine villages in Maharashtra in 1986-1987, but correcting the numerous mistakes was never done by the government. If they start to do it now, they will have to reopen their original compensation awards (issued for the first nine villages) and also change statistics, creating a more severe problem of land for resettlement.

(iv) Ensuring that the fuel and fodder requirements are met at the resettlement sites has not occured! The gravity of the problem which continues to date in almost all of the relocation sites in Gujarat is obvious.

(v) The Monitoring & Evaluation agency in Maharashtra continues to be in conflict with the GOM over the issues of the "confidentiality" and "reliability" of their data on the increased mortality rate. None of the state seems to have acted upon any of the M&E reports.

(vi) Up-to-date submergence data with detailed information (substantiated with maps and charts) on the villages to be affected in the coming monsoon has not yet been presented to the satisfaction of the Ministry for Social Welfare, GOI (Reference: Minutes of the meeting of NCA-Rehabilitation Subgroup, April 17, 1990).

(vii) Compensatory Afforestation (CA) and Catchment Area Treatment (CAT) plans are far behind schedule and incomplete. This can be seen from the demands made by the Ministry of Environment and Forests (MOEF) from the GOM (as well as the GOMP), which remains unfulfilled. Neither the staff or the monetary resources ensured. MOEF also has confirmed that the time (stipulated in the various conditional clearances) having lapsed, the ill effects of CAT and CA not progressing pari-passu with the project will inevitably affect the benefits of the project (See Appendix V). Recently the Ministry of Environment and Forests (MOEF) has convey to the Narmada Control Authority (May 1990) that the conditions are violated, clearance has lapsed and a fresh application for an extension is needed.

Gujarat (GOG)

Recommended Actions by World Bank to be completed by May 15, 1990

(i) "Finalisation and announcement of a 1) recent cut-off date for encroachers and major sons (ideally no earlier than 1987 in either case which would coincide with the projects environmental clearance)": not done by May 15, 1990.

ii) "Finalisation and announcement of a decision to acquire inaccessible land and socially and economically unviable villages": Not yet done by May 15, 1990.

iii) "In conjunction with Madhya Pradesh, provision of written confirmation of a) arrangements satisfactory to the first 17 villages in Madhya Pradesh, and to both state involved, concerning transfer of adequate land in Gujarat (estimated at 2500 hectares) for households in these villages which have opted to move to Gujarat, and b) administrative arrangements concerning all aspects of resettlement of Madhya Pradesh oustees in Gujarat": Not yet done. Almost no progress! Neither has land for them been identified, nor is the willingness of those villages to move to Gujarat been obtained. Very basic issues like change of "scheduled" status of Madhya Pradesh tribals and land transfer (with ownership) to people moving to Gujarat from Madhya Pradesh remain unresolved.

On General Recommendations

(i) Retrospective application of R & R policy to those resettled prior to 1988 has not yet been taken up. Finding resettlement of those recently shifted and to be shifted to be a problem, GOG is most reluctant to and even unable to apply the benefits to the previous group of oustees.

(ii) No improvement in the grievance redressal system is felt by the oustees in Gujarat. Hundreds of cases of cheating in land allotment (even through purchases) and other malpractices are coming up. Those faced with problems of landholding/houses left out of records have been unable to get redressal even after years of effort.

(iii) To provide irrigation for the dry land resettlements to date is rather impossible. The alternative irrigation facilities, even if promised, are impossible to provide, considering the infrastructure and monetary resources available with the GOG.

(iv) No survey of oustees from Kevadia (and related villages) has even started! Instead the official statements are criticizing the villagers demonstrations and branding them as outsider-initiated (See Appendix VI).

(v) When neither the data on the project affected has been finalised nor the land requirement satisfied for the oustees from Maharashtra and Madhya Pradesh or for Gujarat is finalized, any cost estimates of R & R that may be provided can only be very, very tentative. The governments, have, therefore, not furnished the estimates, accepting before the NCA (Reference: NCA meetings in April 1990) that "no action-plan for R & R can be ready at this stage."

(vi) No summary or even preliminary assessment of the canal affected people has started yet. It cannot, when the government is categorically rejecting consideration of those as project-affected. The canal affected people have resorted to agitation and are demanding the status of the oustees (See Appendix VI).

Monitoring and Evaluation Agencies

(i) "Regular submission of M & E reports": The NCA in its latest meeting has criticized the irregular submission of the M&E reports that has continued in spite of frequent warnings.

(ii) The conflict between the central monitoring agency, NICMAR, and state level monitoring agencies is far from being reduced. On the other hand, it is known to have worsened. Tata Institute of Social Sciences (TISS), M&E agency for Maharashtra, has even questioned the budget of 22 lakhs (2,200,000 rupees) granted to NICMAR for mere coordination and compilation of reports with a challenge to do the same work within 3 lakhs (300,000 rupees)! TISS is also arguing with the Government of Maharashtra over the clause of confidentiality; whether it will continue with M & E is not yet decided.

Conclusion

It is obvious from the above a majority of the major actions expected to have been taken by each of the three state governments are far from complete. Many haven't even begun, and quite a few can never take place. The recommendations have also been disregarded.

The main question still remains: where is land? Can the dam be allowed to continue without any guarantee of just resettlement for thousands of oustees? The status of R & R planning today is such that nonfeasibility of execution is confirmed. Whatever may be shown on paper or demonstrated on a very small scale is unlikely to be executed and completed for all the increasing number of oustees.

The Bank has failed to monitor some of the most crucial points by putting them under "recommendations" or leaving them out altogether. The point on ex-gratia payments for the difference in land prices is not included for Madhya Pradesh and Maharashtra and it is known that the two states refused to consider that. The interstate differences in policy still persist. Many recommendations like the ones for Kevadia Colony and the Canal affected oustees are most crucial for a complete resettlement plan, but have not been enforced by the Bank.

The World Bank with such clear criteria laid down, for continuation of credit 1553-IN from July 1990 onwards, has no choice but to discontinue that credit forever and completely shelve the proposal for another IDA credit of $200 million to mitigate the adverse environmental and social impacts of the Sardar Sarovar Project, yet with the deceptive title of "Narmada Basin Development."

Medha Patkar, Naramada Bachao Andolan, 58 Gandhi Marg, Badwani,
Madhaya Pradesh, India 451551

STATEMENT OF FRIENDS OF THE EARTH, GREENPEACE, SIERRA CLUB

1. INTRODUCTION.

This comprehensive statement has been written by and is being presented on behalf of the national environmental organizations listed on the cover page.

2. THE WORLD BANK.

A) General Progress on Environmental Reforms at the World Bank:

The Bank is beginning to make changes with the establishment of the Environment Department and the growing recognition of the importance of involving local people throughout the planning process. The question is whether change is coming fast enough and whether the Bank is really serious about improving the quality of its loans to ensure sustainable development and protection of the natural resource base of the developing countries.

B) Environmental Impact Assessment:

We are very pleased to report that late last year the Congress passed legislation requiring the MDBs to provide our Treasury Department with an environmental impact assessment (EIA) of proposed projects at least 120 days prior to the project coming to a vote. The law also requires that the EIA, or a "comprehensive summary," be made available to the public at the same time. If these provision of the law are not carried out by the Multilateral Development Banks (MDBs), then the U.S. is barred from voting in support of the project.

In response to this forthcoming law, the World Bank adopted Environmental Assessment Procedures just in time for its September annual meeting in Washington. We are sorry to report that the Bank drafted and adopted the EA procedures without any public review or comment. No document more deserved public participation in its creation than the EA Procedures.

While we are glad to see the adoption of EA Procedures, we are disappointed with its shortcomings. For example, consideration of global environmental impacts is explicitly excluded from the EA policy, despite the Bank's newly-stated position that global environmental issues are of critical importance. Similarly, structural and sector adjustment lending -- arguably the most important areas of the Bank's operations -- are categorically excluded from EA requirements. Moreover, the Bank's policy fails adequately to guarantee public participation in the EA process and public access to EA documents -- basic components of internationally accepted practice on environmental impact assessment. The public participation requirements in the EA directive, particularly as they apply to the supposed beneficiaries of Bank lending in borrowing countries, must be considerably more specific to achieve the desired goal. Moreover, the Bank's policy on environmental assessment should be extended to include projects that are purportedly beneficial to the environment, including projects under the rubric of the Tropical Forest Action Plan. We urge this Committee to press for these changes in the Bank's EA policy.

C) Global Environmental Fund:

The World Bank is seeking additional funds from donors to establish a concessional facility for global environmental projects, such as reducing greenhouse and ozone-depleting gas emissions and preserving biodiversity. According to the Administration, the Bank needs no additional funds for such projects.

This position is a reversal of an earlier position taken by the U.S. at a March donors meeting in Paris. The U.S. delegation to that meeting, led by the U.S. Executive Director of the Bank, took the position that "no decision could be made until. . .the shape of the facility was clear and complete." Although the U.S. delegation noted several concerns with the details of the Bank's proposal, it did not preclude the possibility that additional funds may be warranted.

The U.S. statement at the Development Committee summarily dismissed this possibility, without allowing further clarification of the details of the Bank's proposal. Our reaction to the Bank's proposal is similar to the original position of Treasury. We do have concerns about the proposal's failure to address important structural issues, such as the relationship of the proposed facility to the Bank's existing programs and the need for greater public accountability in all Bank operations. We attach for the record an April 10 letter to Treasury Secretary Brady which details these concerns.

However, it is clear that developing countries will require additional aid resources to address global problems such as ozone depletion, global warming, and biodiversity loss. In some cases, the solutions to these problems will entail development alternatives that are not traditional "least-cost" options. Existing IBRD and IDA funds may be unsuited for such purposes. If the Bank is to play an important role, donor countries must be prepared to make additional funds available.

D) Energy:

In the past year, the World Bank has publicly reversed course on the issue of end-use energy efficiency. One year ago, Bank officials indicated that the Bank was not interested in increasing its support for end-use energy efficiency programs in developing countries. According to these Bank officials, such projects were outside the Bank's area of "comparative advantage." Subsequently, as a result of substantial public pressure, Bank president Barber Conable announced at the Bank's September 1989 annual meeting that the Bank would "take an active leadership role" in supporting energy efficiency improvements.

However, the Bank has not yet translated its new rhetoric into operational reality. In 1989, no more than 3% of the Bank's lending in the energy and industry sectors supported end-use energy efficiency programs. Over the last decade, the Bank's performance has been little better. By an analysis done by NRDC, since 1980, the Bank has supported energy conservation programs in 26 countries through 35 loans totaling roughly $1 billion (see attached table).[2] This figure represents less than 4% of a total energy program of $26 billion since 1982, and less than 3% of the combined energy and industry programs of $34 billion since that date.

The Congress, in last year's appropriations bill, made several critical recommendations for institutional reforms at the World Bank and the other MDBs that, if implemented, will significantly increase the banks' attention to end-use energy efficiency programs. P.L. 101-167 instructs the U.S. Executive Director of the World Bank to advocate the following reforms:

Enhanced staff capabilities in end-use energy efficiency and renewable energy;

Technical and financial support for borrowers to include consideration of end-use energy efficiency programs in energy sector investment planning;

Systematic consideration of environmental costs and energy efficiency alternatives in economic and environmental assessments of proposed energy projects; and

Increased lending and technical assistance for end-use energy efficiency programs.

These instructions have already had a significant impact. As a result of strong advocacy by the Treasury Department, the recently approved report of the Board of Governors of the International Development Association (IDA) -- the Bank's "soft" loan window -- on the ninth capital replenishment of IDA (IDA-9) includes recommendations on all four of these points. The Subcommittee should ensure that the Treasury Department and the U.S. Executive Director to the World Bank continue to advocate these reforms, focussing on the following priority areas:

Integration of ESMAP and World Bank Loan Operations The Bank provides considerable technical assistance to end-use efficiency programs in its borrowing countries through the Energy Sector Management Assistance Program (ESMAP). Unfortunately, ESMAP's activities are not well integrated with the Bank's far more significant lending operations. ESMAP's pre-investment work in identifying end-use efficiency projects, strengthening energy conservation institutions, and designing energy efficiency policies and standards should provide a basis for substantially increased Bank lending for end-use efficiency.

[2] Estimation based on NRDC analysis of World Bank Annual Reports and project reports (Staff Appraisal Reports and President's Reports). Project reports were not available to NRDC for all projects; therefore exact values for end-use efficiency components of larger loans are unknown.

Expanded Power Sector Investment Planning The Bank has long required that proposed investments in the power sector meet least-cost criteria. To help borrowers identify least-cost energy investments, the Bank supports investment planning studies, often as components of loan operations. However, power sector investment planning has typically been limited to comparing alternatives for expanding and maintaining electricity supply and has not considered cost-effective

demand reduction measures. Annual appropriations for IBRD and IDA should be based on demonstrable evidence that the Bank is working with its borrowers to include consideration of end-use efficiency programs in power sector investment planning.

Enhanced Staff Capabilities Making end-use efficiency a World Bank priority will require experienced staff to manage end-use efficiency projects. Currently, the economists and engineers who oversee the Bank's energy lending program have little experience or training in the design and implementation of end-use efficiency programs. The staff of each Bank country department should include an "energy efficiency coordinator." This individual should be responsible for loans for energy efficiency in all sectors, including energy, industry, transportation, agriculture, and household fuel use. These positions should be filled by individuals with experience in the design and implementation of successful end-use efficiency programs. To the extent that new positions cannot be created, an existing energy staffer should assume these responsibilities.

E) Ozone:

On June 29th, governments which are Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer agreed in London to establish an Interim Financial Mechanism to enable developing nations to participate in the international agreement. The aim of the financial mechanism is to provide developing nations with funds to cover the incremental costs of implementing the protocol and ensure that they gain access to ozone-saving technologies. Governments agreed that the funds would be in addition to existing development aid.

Previously, middle-income industrializing countries, such as China and India, had said they would not become Parties to the Montreal Protocol without financial concessions and guarantees of technology transfer. These nations represent the largest future source of ozone-destroying emission, without their participation effort to protect the ozone layer would be doomed. Fortunately, details of the new financial mechanism sufficiently satisfied developing country concerns to prompt Indian and Chinese officials to recommend that their governments ratify the protocol.

The Montreal Protocol working group on funding mechanisms estimates that if India and China ratify the protocol, the financial requirements over the first three years will be $240 million. The Parties agreed that contributions to the fund will be voluntary and based on a UN assessment scale. The United States with a twenty-five percent assessment will, therefore, be expected to contribute $60 million over the next three years.

We urge the Committee to appropriate funds for the U.S. contribution to the interim financial mechanism. Such an investment becomes even more attractive when one considers that the U.S. Treasury stands to collect $5 billion in the next five years from recently implemented taxes on U.S. production and import of chemicals controlled under the protocol.

F) The Tropical Forestry Action Plan:

An area of great concern to U.S. and foreign environmental organizations is the priority placed in the IDA Ninth Replenishment agreement document on increased IDA support for the Tropical Forestry Action Plan (TFAP), and on a tripling of IDA forestry sector lending between FY90 and FY92. In the agreement, donors "urged IDA to expand considerably its support for TFAP forestry sector reviews and to ensure IDA participation in reviews for those countries with major tropical forest resources."[1]

However, three reports that were recently released point to the serious difficulties that have developed in the implementation of the Tropical Forestry Action Plan.[2] Because of the widespread recognition of problems with the TFAP that these reports reflect, this coalition cautions the committee against increased or unconditional support for the Tropical Forestry Action Plan.

1. Background:

The Tropical Forestry Action Plan began as a joint project of the World Bank, the World Resources Institute (WRI), the United Nations Development Program (UNDP) and the Food and Agriculture Organization (FAO) as a means to call world attention to the seriousness of tropical deforestation, and to mobilize financial and human resources to combat it.

The Tropical Forest Action Plan founding document, published in 1985, Tropical Forests: A Call for Action, identified the spread of agriculture, including both crop and livestock production, as the single greatest cause of forest destruction. Rural poverty, skewed land distribution, low agricultural productivity, and rapid population growth were also identified as critical contributing causes. WRI researchers involved in the original planning for the TFAP, recommended that between 30 to 60% of development assistance to tropical countries enter the agricultural sector as a necessary component to slowing tropical deforestation.

WRI, the World Bank, the UNDP and the FAO jointly proposed a system to address the multiple causes of deforestation in a global-wide process of individual-country policy reviews coupled with multilateral development bank (MDB) and bilateral aid agency investments of $8 billion in five years, from 1987 - 1991. However, although deforestation was identified as stemming from a number of complex and interacting causes, four of the five investment areas identified by the Plan were for forest operations.

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[1] "International Development Association-- Additions to IDA Resources: Ninth Replenishment;" Washington, D.C.; January 1990.

[2] The Tropical Forestry Action Plan: What Progress?, Marcus Colchester and Larry Lohman; The World Rainforest Movement, Malaysia and "The Ecologist," England, 1990.

Taking Stock: The Tropical Forestry Action Plan After Five Years, Bob Winterbottom; The World Resources Institute, Washington, D.C., 1990.

Tropical Forestry Action Plan, Report of the Independent Review, Ambassador Ola Ullsten, Dr. Salleh Mohd. Nor, Dr. Montague Yudelman; Food and Agriculture Organization, Kuala Lumpur, Malaysia, May 1990.

TFAP "Guidelines for the Implementation of the Tropical Forestry Action Plan at Country Level," published by the FAO in 1988 and revised in 1990, specify a series of in-country, multi-sectoral meetings that each participating country is expected to complete during the TFAP process. It was recommended that these be led by country planning ministries, incorporating the forestry ministry and other relevant sectors, including agricultural, environmental, social services and non-governmental organizations (NGOs). However, as the Tropical Forestry Action Plan has evolved non-forestry sector agencies, and to a far greater degree, NGOs and affected communities, were and are rarely included as full players in the country level discussion and planning processes.

Not surprisingly, country plans completed to date are generally not integrated across country sectors to address the full range of causes of tropical deforestation, particularly those originating outside of the forest itself. These include the land tenure issues, skewed land ownership patterns, government tax incentives and subsidies encouraging deforestation, population pressures and low agricultural productivity as were initially highlighted in TFAP planning documents.

In June on 1990, in its review of TFAP, Taking Stock: The Tropical Forestry Action Plan After Five Years, WRI concluded that:

> Despite some successes, the TFAP as currently implemented is not achieving many of the plan's original objectives. Moreover, it seems unlikely that the present TFAP planning process will ever be able to achieve some of them. Although the plan arose from a widely shared concern that more effective programs in forest conservation and sustainable management, increased attention to policy reform both within and outside the forestry sector, and improved land-use planning and coordination with agricultural and other development programs could help turn the tide against uncontrolled deforestation and wasteful depletion of tropical forest resources, many of the institutions controlling the TFAP-- FAO, donors, and national governments-- seem to have lost sight of these concerns ... At a minimum, these agencies have let their interest in accelerating investment in the forestry sector overshadow these concerns, and they have failed to provide the quality control and direction needed to make the planning process and the plan itself work well.

The Tropical Forestry Action Plan, Report of the Independent Review also released in June, 1990 concludes, among other things, that:

> Shortcomings in the implementation of the TFAP have led to abuse of its principles in a number of countries where increased exploitation for timber has been allowed without safeguards to ensure that the forests would be managed sustainable, thereby turning a renewable into a finite resource. The TFAP should not support the extension of logging before these safeguards are in place.

The report of the World Rainforest Movement, The Tropical Forestry Action Plan: What Progress? issued in April, 1990 notes in its concluding remarks that:

> On balance deforestation seems likely to accelerate under TFAP... Under the TFAP logging is to be

> substantially increased in presently unexploited primary forest areas... TFAP remains a plan by foresters for promoting forestry... TFAP is still a top-down planning exercise: involvement by grass-roots NGOs and local peoples is still very marginal... Documentation is routinely restricted... TFAP is not adequately addressing land use problems or issues of land tenure and land ownership... NFAPs do not give priority to the poor, to women or to marginalized social groups, notably indigenous people... the TFAP is failing to adhere to some of the key principles essential to sustainable development identified by the Brundtland Commission... the TFAP is failing to adhere to the IUCN's revised guidelines for the management of tropical forests... NFAPs are failing to adhere to the 'Basic Principles of the TFAP' as set out by the FAO.

2. The World Bank:

This coalition understands that under the TFAP auspices, the World Bank plans to increase its forestry sector lending from $138 million in 1987 to as much as $ 800 million annually by 1992. However, to date, World Bank forestry sector investments, (whether included in the TFAP process or not) heavily favor commercial forest industries projects. These often are road construction and logging projects in primary forests. However, in the design of such projects, little attention is given to the non-economic services forests provide such as maintaining soil fertility and limiting soil erosion, regulating water circulation, regional and possibly global climate change and weather patterns, and serving as the source of at least half of all species remaining on earth.

Of great concern is that, in the past, logging, road construction and large scale development projects supported by the World Bank have been funded and undertaken before government policies and on-the-ground controls were in place to ensure that environmental sustainability was achievable. Strict controls and policy reforms are absolutely necessary to ensure that use of tropical forests proceeds in a manner which conserves biological diversity, protects the livelihoods and human rights of forest dwellers impacted by the proposed activity, and allows for a sustainable use of the forests over the long run. Unfortunately, a realization of a "sustained yield of timber" or "sustainably managed" forests exists in theory not in reality. A report commissioned by the International Tropical Timber Organization on this subject concluded that "the extent of tropical moist forest which is being deliberately managed at an operational scale for the sustainable production of timber is, on a world-scale, negligible." In fact, the study found that less than one eighth of one percent of tropical forests, where timber extraction is occurring, were being logged sustainably.[3] And yet, Bank funding for logging proceeds.

In late March of 1990, the Bank approved an $80 million IBRD loan to the Ivory Coast, a country which has lost over 12 million hectares of tropical forests in the past 30 years and has the highest relative deforestation rate in the world. By the year 2000, the Ivory Coast will likely become a net importer of wood. However, the new World Bank loan will support opening 700,000 hectares of new forest areas to commercial logging, in spite of a lack of convincing evidence that either government agencies or private companies will manage these areas in a sustainable manner. In addition, the World Bank did not appear to follow its own guidelines for resettlement activities associated with the project, even though thousands of farmers living in forest areas will be displaced by the project's activities.

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[3] No Timber Without Trees: Sustainability in the Tropical Forest, Duncan Poore; A Study for the International Tropical Timber Organization; Earthscan Publications Ltd., London; 1989

In addition, the World Bank is currently preparing a $30 million IBRD loan that will support a $167 million TFAP investment program prepared by the FAO for Cameroon. The TFAP program's principal stated goal is to make Cameroon the largest forest product exporter in AFrica in the 21st century. To accomplish this will require opening up nearly 14 million hectares (an area the size of Florida) of pristine tropical forest in southeastern Cameroon. Getting the timber out will require the construction of a major penetration road to the sea and the building of a deep-water port. The proposed road will cut through forest lands that are presently inhabited by a Pygmy population of about 50,000 people. These indigenous forest dwellers do not receive mention in the now completed TFAP planning document for Cameroon. The World Bank Cameroon forestry loan is currently preparation. If, when approved, it supports the general goals of the Cameroon TFAP, an environmental and social tragedy will result.

Statistics from the Food and Agriculture Organization Committee on Forest Development in the Tropics, show that World Bank forestry sector investments by type in 1988 were (U.S. $ millions):

forest industries: commercial logging and industrial tree plantations

$ 73 : 56.4%

conservation: maintenance of biodiversity and climatic stability

$ 20 : 15.4%

institutions: improved planning, research, training and extension services

$ 12 : 8.9%

forest in land use: tree planting, agroforestry, and watershed protection

$ 13 : 10.1%

fuelwood and energy: conservation, alternative fuels, new resources
$ 12 : 9.2%

total.[*]

$129.8

Finally, this coalition notes with concern that the Tropical Forest Action Plan currently involves over 70 countries that between them contain over 85% of the world's remaining tropical forests. Although only a handful of countries have completed the final TFAP planning phases and stand ready for project implementation, it is critical that World Bank TFAP and related forestry sector projects that fund road construction or logging in closed primary tropical forest regions without adequate on-the-ground controls, and/or involve a relocation of local people without their consultation or a completed resettlement plan, do not proceed.

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[*] "Review of International Cooperation in Tropical Forestry," 9th Session of Committee on Forest Development in the Tropics, Rome, Italy, 11-15 September 1989.

3. Recommendations:

This coalition encourages the Committee to direct the U.S. Treasury Department to direct the U.S. Executive Director to the World Bank to oppose all Tropical Forestry Action Plan and related forestry loans unless it can be ascertained that the loan in question was developed in consultation with and the full involvement of affected populations, interested NGOs and some in-country non-forestry professionals, including environmental, natural resource, development, and social science specialists. Consultation with affected populations through TFAP should include full access to all TFAP planning documents and at least two public hearings in the affected area on the loan in question.

We also urge the Committee to direct the U.S. Treasury Department to direct the U.S. Executive Director to the World Bank to pursue all available courses of action within the Bank, in meetings with Bank Managers, country Executive Directors and Board of Director members, to encourage a moratorium on all World Bank TFAP and/or related forestry sector loans until a comprehensive review of the development and implementation of Tropical Forestry Action Plan, be undertaken, under World Bank auspices and to be completed by July 1991. The goal of this review should be the restructuring of the current TFAP process into a multilateral effort that will reduce current rates of tropical deforestation, preserve biological diversity, encourage sustainable management of tropical forest resources, and meet the basic human needs of forest communities.

Restructuring of the current TFAP process should focus on: (1) broadening TFAP's agenda to include needed investments and policy reforms outside of the forestry sector; (2) guaranteeing increased participation in all stages of the TFAP process by local communities, concerned non-governmental organizations, and governmental and non-governmental professionals outside of the forestry sector; and (3) creating a new international steering committee and secretariat to oversee the TFAP process, independent of FAO, broadly representative of the groups described above, and staffed by a wide range of environmental, natural resource, development, and social science professionals. Finally, the review should ensure that the TFAP process and project implementation have positive rather than deleterious environmental and socio-cultural impacts.

In addition, we recommend that the Treasury Department direct the U.S. Executive Director to the World Bank to seek in his interaction with other Bank staff and Executive Directors increased Bank funding for tropical afforestation activities. Afforestation activities refers to those activities utilizing endemic species and supporting the regeneration of naturally occurring species and a recapturing of previous levels of biological diversity in affected areas.

4. IDA forestry lending:

Nine IDA credits for forestry projects in Africa are or have been up for Bank consideration in the near future, and may serve to indicate what we may expect from future IDA Tropical Forestry Action Plan loans. IDA credits for Guinea and the Ivory Coast were approved in early 1990; loans for the Central African Republic, Zimbabwe, Sudan, Cameroon, Kenya, the Congo and Gabon are now under consideration. Together they will provide at least $310 million in credits for forestry operations.

The following summarizes the World Bank Guinea Forestry and Fisheries Management project, an IDA credit of $8 million which has already been approved by the IDA. This project reveals the environmental disregard intrinsic to a vast majority of World Bank forestry sector projects.[3]

Once covered by dense forest and woodland, Guinea's forest cover is now comprised of 80% tree savannah, which is generally grassland with scattered clumps of trees, usually of secondary growth. At least 65% of Guinea's original 8,013 sq. miles of tropical rainforests have already been deforested. Official forest reserves in Guinea comprise approximately 1 million hectares of land.

The two largest official reserves, the Diecke and Ziama reserves, are the only remaining reserves of primary rainforest in Guinea; they contain 90,000 and 59,000 hectares respectively. High population growt of 2.8% per year in Guinea has led to a generalized over-exploitation o the land, and to a growing demand for both fuelwood and agricultural land. Encroachment on forest reserves and pressure on open forests is due mainly to land needs for agriculture and grazing.

The Official World Bank description of the objectives of the forest management component of the Guinea "Forestry and Fisheries Management project" is as follows:

- institutional support.
- humid forest protection, management, and silviculture in the Diecke and Ziama forest reserves (106,000 of which is still forested).
- dry forest management in Upper Guinea.

Logging will be a large part of the "management and protection" of the humid forest reserves Dieck and Ziama. "With appropriate protection and management, two thirds of the remaining 106,000 hectares of forest could be used for timber production."[4] In addition, 75 km of roads will be built to serve protection, management, and silviculture, and logging tracks will be built by timber concessionaires where logging is permitted.

The project allows for the logging of up to one half of the last reserves of primeval forest in Guinea while only reforesting 11,500 hectares. The project does not provide any guarantees for sustainability of timber production. The project will build penetration roads around and into the reserves without providing any safeguards against encroachment and uncontrolled logging.

Basic environmental precautions were not completed prior to approval of the Guinea project loan. These include: a survey of natural resources and biological diversity; an environmental impact assessment of the forestry component, particularly of the major roads and logging tracks; a detailed socio-economic survey to identify current uses of the forest by local people and potential future pressures on the forest with and without logging tracks; and a management plan for the forests including a concession policy.

Finally, the project does not address the primary causes of deforestation identified by the Bank itself, namely villagers' needs for new agricultural and grazing land. The forestry component of the project focusses almost exclusively on tropical forests, including intact primeval forests, not on dry forests where deforestation appears to be a bigger problem. The financing of road construction and the opening of forests to selective logging will not arrest or mitigate current deforestation in Guinea; rather, both are likely to increase deforestation.

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[3]. "International Development Association Credit to the Republic of Guinea for a Forest and Fisheries Management Project;" A World Wildlife Fund Review; prepared by David Reed, Policy Director and Jennifer Smith, Program Officer, Multilateral Development Bank Program; November 1989.

[4]. Guinea Staff Appraisal Report, p. 3.

G) Population and the World Bank:

1. Introduction

Population is increasingly being recognized as an important ecological issue in its own right, and as a fundamental part of effective environmental and development policies. Population as an environmental issue is based upon the understanding that people are as much a part of the global ecosystem as any other species. We draw directly upon the ecosystem for food, water, shelter, oxygen and the many other natural resources needed in civilization. We also directly affect the ecology of most other plant and animal species by harvesting hunting, farming, fishing, timbering, and livestock grazing. Even in technologically advanced countries, we depend heavily each day on the complex ecosystem of microbes, bacteria, termites, and invertebrates to process our societies' wastes in landfills, streams, and rivers. Each of us, in virtually all of our actives, affects the environment even when acting in a truly long-term sustainable manner.

Since there is always some "minimum impact" of each person, the total impact on the environment is always going to be dependent to some degree on the number of people involved. Even the most environmentally sound practice, and certainly any technologically intensive activity, has its limits in terms of the number of people supported to be truly sustainable on a permanent basis. At time humans population numbers are the most important factor, and at times technology, wealth or other factors may be a larger determinant of environmental harm. In either case, population is always a part of the basic context of the problems, and must be an integrated part of long-term, truly successful policies to preserve and restore the environment and promote sustainable development.

Human numbers have increase in the last 300 years such that our enormous population is now a fundamental determinant in the survival an health of many ecosystems around the world. For instance, the North Atlantic Ocean was largely fished out in the 1600's through 1800's. The productivity of the North Pacific is collapsing, and the huge driftnet fleets are now moving on to the South Pacific and South Atlantic.

Desertification of Africa continues, as forests are cut for fuel, and livestock population increases to keep up with human population. Also, marginal soils in the Subsahel and deforested tropical areas continue to be forced into agricultural production, with relatively short-term length of expected yields (30-100 years).

Even relatively small population increases in more developed countries place tremendous stress on ecosystems. Loss of temperate forests, wetlands, estuary productivity and wildlife habitat is occurring to provide the large energy, water, other natural resources, as well as simple land for infrastructure needed by the modernization process. Given current technologies for manufacturing, agricultural production and transportation, the more technologically advanced a society, the greater will be the impact of even apparently minor population growth on the environment. Prime agricultural soils in temperate regions are still being converted to housing and urbanization in even "developed" countries through very low net annual population growth.

Population growth can even create apparently natural catastrophes, such as when the rising fuelwood demand has denuded the foothills of the Himalaya, causing massive storm runoff and floods downstream in the Ganges delta, killing thousands.

Apart from the direct impact of population on the environment, effective solutions of other global environmental issues are also affected, such as the greenhouse effect. Developing countries are expected to emit four times as much carbon dioxide by 2025 as today, with a direct correlation between population growth and growth in fossil fuel consumption. This increase would negate even a massive, nearly unreachable 75% decrease in developed-country emissions during the same time.

Nations' opportunities to deal with the population issue have been varied, as have their approaches. While some nations have been able to wait out the modernization process and see fertility fall as a consequence, many countries today are finding they do not have the time to wait. Many nations now prefer to promote direct measures to reduce fertility and stabilize their population at sustainable levels as a concurrent part of an effective development policy. In this context, we ask you to consider the following simple, expedient means below to address - and solve - this problem. The core Of the program is direct fertility measures; however, but we also encourage support for other major influences on fertility, such as health, education, and appropriate economic development efforts that enable and reinforce individual decisions to lower fertility.

Since population is a component of all societal institutions, increased attention to this area will also enhance all other foreign aid efforts. The same assistance levels will be able to have more benefit per person, and women especially will be able to join the development process more fully.

Human population beyond the environment's carrying capacity is an urgent issue that demands greater attention and higher priority in U.S. international policy. The U.S. should provide full support for developing countries' efforts to integrate population in their environment and development programs. Helping countries deal with their population is certainly a major part in the quickest, most effective and most humane means of assisting sustainable, environmentally sound development.

Other countries are well aware of the connection between a healthy environment, sustainable development and population. The United States should resume its leadership in helping them achieve these goals to the maximum extent possible.

2. World Bank Population Programs.

We commend the dramatic increase in population funding indicated by Barber Conable's statement to the Board of Governors last September. This near tripling of the funding, to approximately $270 million per year, is a welcome recognition of the importance of this activity of the Bank to the borrowing nations.

This increase in funds will do much to help provide these fundamental family planning services. Even with that enormous increase however, the funds are inadequate to meet the current needs. Half of all women of reproductive age today do not want more children; but fully half of those women - one quarter of all women of the world of reproductive age - simply do not have access to safe, reliable, affordable birth control. The crisis is immense, and growing by a quarter million more people per day.

Lending for population is not an easy task. We commend the Bank for its early involvement beginning in 1970 and its continued commitment. Population project loans are small by World Bank standards, involving much more staff time per loan and complicated, sensitive work Also, over half of the dollar amount consists of IDA funds, without the financial repayments to the Bank that other sectors are intended to generate. Population projects may not appear to reflect as well on the traditional indices of Bank evaluation. Yet from a broader perspective, this is one of the most directly beneficial, constructive, and environmentally positive sectors of lending, giving individuals and countries the ability to follow their own economic development path in the best way they see fit. We would like to make the following recommendations on how the Bank programs could be further improved, to truly meet the real and growing need for these fundamental programs. The World Bank's population program is discussed separately from IDA, presented later.

o First, population loans, along with the other projects in the Population, Health and Nutrition Division of the Bank, take a much larger amount of staff time to process than economic loans. Although the Bank staff in this section has grown by 20% since re-organization in 1987, Barber Conable has now recommended a very large increase in project funding over the next three years. This alone would indicate the need for a considerable staff increase to actually review the new projects and put the money to work as soon as possible. Additionally, since this is population funding, the project cycle will need even more staff relative to the size of additional funds than in other areas of the Bank. If the funding is actually to reach those in need, then the staffing levels, upon which so much depends in this sensitive area, must grow as well. It is simply not possible to process more projects in the same time frame, while maintaining the relatively small scale and custom-tailored approaches in each of these fairly unique programs, without more staff. The cost of additional staff does not compare with the cost of delay. Independently of course, because of the human suffering and environmental degradation involved, these loans should be processed in as speedy a fashion as possible. In addition, because we are recommending a large increase in the IDA funding levels, we would hope that the number of projects under review would increase substantially even above the Conable commitment.

o Second, a significant amount of the previous staff expertise in population has been distributed to the country offices as a result of the Bank re-organization of 1987. Those positions were then combined with the other very important functions of health and nutrition in the country departments. Individual staff are now expected to maintain expertise in all three areas at once. Increased funds should be made available for specialized population staff in any country office whose regional vice-president so desires, including potentially all countries in the region. The great range of cultural, religious, managerial and medical expertise needed to design and evaluate effective population projects, particularly in light of their small size and wide distribution within a country, should be given the full attention of dedicated staff positions when needed.

o Third, funding to the entire Population and Human Resources Department in general should be increased until the borrowing requests are being met as fast as possible. Many other factors, such as health and education, are major determinants of fertility. Full funding of the entire Department will also allow each country to design the best program suited to its needs, whatever specific mix of population and other human resources efforts they determine to be appropriate. This is not to imply that countries should be encouraged to borrow from the Bank as opposed to obtaining funds from other sources, which do not increase debt and are discussed below with reference to IDA; but if countries desire to borrow for these programs, there should be no monetary obstacles to such requests.

We would like to ask the Committee to press the Bank to adopt these funding priorities and to directly support further significant increase in both project funding and staff for the Population, Health and Nutrition Division.

3. IDA Programs.

Since the World Bank system began population lending in 1970, IDA has been the preferred lending mechanism for population on the part of the borrowing countries. Countries often cannot financially justify the higher fiscal requirements of the IBRD for these human-investment projects. Over 50% of dollars and projects in the World Bank population division are IDA-funded. Therefore, we support increasing the population program of IDA to help meet current unmet family planning needs through a very substantial increase in the IDA population program funding levels. Supplying more funds to IDA will allow more country requests for population projects to be fulfilled.

The U.S. Executive Director should be directed to urge that the funds spent under IDA be increased until the borrowing countries' needs are met. Related programs such as nutrition, health, and education, especially women's education, which often have integrated project design in the field and equally important effects on fertility levels, should also increase until all requests are being met as soon as they can be properly designed and evaluated. The section is estimated to need up to $1 billion per year for population program funding, and additional funding for increases in health, nutrition and education programs. The program estimate is based on $16 per couple per year cost for 75% contraceptive usage. Again, these lending programs should not pre-empt in any way other, non-debt based assistance if available.

Therefore, in order to meet the current preferred population project needs of the borrowing countries, the Treasury should augment its approval of IDA's expanding attention to population as expressed in the Replenishment Agreement, by supporting increased funding for these programs. We request that the U.S. Treasury work towards an increase in IDA population funding of up to $1 billion per year, with the United States Executive Director taking an active role in assuring the most prompt, efficient increase in the processing of the additional loan requests. IDA is the appropriate forum for these loans, which deserve our full support.

H) Pesticides and the Multilateral Development Banks:

1. In General.

The widespread and deliberate introduction of toxic chemicals into the global environment in the form of agricultural pesticides is fueling a deepening crisis. While pesticide use in developing countries represents only 20 percent of the global market, use is predicted to double in Africa, Asia and Latin America over the next 10 years. Already, developing countries bear a disproportionate burden of poisonings and environmental contamination from pesticides. WHO/UNEP estimates 3.5 to 5 million men, women and children are severely poisoned each year in developing countries due to unintentional exposure to pesticides, and the problem is getting worse.

This Committee has long been concerned that the Multilateral Development Banks (MDBs) promote the overuse and misuse of toxic pesticides in their agricultural development activities.

In 1987 and 1988 appropriations, this Committee called upon the MDBs to take steps that will minimize the use of pesticides in MDB sponsored projects, and make integrated pest management (IPM) and biological control of pests the preferred and priority approach to pest management.

Of all the MDB's, only the World Bank has made significant progress in elaborating the guidelines needed to make an IPM strategy operational. The World Bank's Pesticide Guidelines (OPN 11.01) state the Bank's intent to promote and support IPM in order to reduce reliance on the use of pesticides in Bank agricultural activities. They include 22 operational requirements to be followed in Bank projects. Updated guidelines, written in consultation with developing country NGOs, environmental groups and industry, are to be released shortly. On paper these guidelines strengthen the Bank's commitment to IPM.

While the World Bank's Pesticide Guidelines represent a positive step forward, the Bank receives poor grades on its record of implementation. A recently released report by the Consumer Policy Institute (CPI), "The First Three Years: Implementation of the World Bank Pesticide Guidelines 1985-1988", by Dr. Michael Hansen, reviewed 2 representative agricultural projects for compliance with the operational requirements of the Bank's guidelines. The study found little evidence that the Bank has made a strong commitment to following its guidelines and implementing IPM.

For example, despite the Bank guideline's explicit aim "to reduce reliance on chemical pesticides":

* In Egypt, the Second Agricultural Development Project (ADP) is anticipated to lead to 9 fold increases in pesticides use over six years;

* In Mexico, the Second Tropical ADP supports up to 16.4 fold increases in pesticide spending by targeted classes of farms;

* In Yemen, the Wadi Al-Jawf ADP introduces pesticides into an area of traditional farming systems where no pesticides had been formerly used.

The study also demonstrates the virtually complete failure of the Bank to incorporate IPM, which was supposed to be the main thrust of Bank-sponsored pest control, into its projects. In only one project out of 24 reviewed was IPM even discussed in the Staff Appraisal Reports. In a loan for Sudan almost exclusively for the purposes of purchasing pesticides, the Third Agricultural Rehabilitation Project, the Bank incorporated an IPM component representing a paltry 1.5 percent of total disbursements. Moreover, the World Bank has long been criticized for its role in perpetuating an extremely serious set of economic and ecological crises resulting from its previous support of the cotton sector targeted by this loan. The limited resources committed to IPM in this loan do little to allay critics' concerns.

The World Bank must be made to implement more aggressively its IPM guidelines, and compliance must be closely monitored. If proposed loans do not meet the operational requirements of the guidelines, or contravene their stated intent, the U.S. should refuse to support the proposed project.

The regional MDBs support IPM in principle, but still have no guidelines which give staff the clear operational requirements needed to effectively integrate IPM strategies into their projects. The U.S. should find ways to encourage all the regional MDBs to develop IPM guidelines as quickly as possible. All the MDBs should consider the need for additional technical staff versed in IPM, and for training of other agricultural staff in IPM and non-chemical approaches to pest management.

Successful IPM programs around the world share several common properties which, it is important to note, need to be more widely applied to other natural resource management problems:

* the necessity of using ecological principles to design stable, sustainable and economically viable management options adapted to local conditions;

* the need for the full participation of local people in all stages of project planning, design and implementation;

* a greater valuation of the traditional natural resource management practices of local populations;

* the importance of government policies and institutions which are supportive of the above goals.

The Bank's new IPM guidelines incorporate these critical components. But they must be supported by additional actions within the Bank if it too is to successfully promote IPM and reduce reliance on chemical pesticides.

First, the IPM guidelines need to be activated much earlier in the Bank's project cycle. Effective IPM means modifying or eliminating cropping systems and production techniques which typically create serious pest problems, such as large scale monocultures, in favor of more ecologically sound approaches. As it stands now, the IPM guidelines are activated only as a mitigation measure well into the project cycle when it has already been determined that the proposed project will create pest problems and thus a demand for pesticides. Having already made significant investments of bank resources and staff time, project managers are then resistant to making the more fundamental changes that may be needed for effective prevention of pest outbreaks. Environmental mitigation rather than preventing the problem is simply a wrong-headed approach to promoting ecologically sound and sustainable agriculture.

Second, the Bank will have to be much more open and disclose more information at every stage of the project cycle, welcoming discussion and the involvement of local NGOs and farmers. This process is critical for insuring the success of IPM programs. As has been demonstrated most convincingly in the rice IPM work supported by the FAO in Asia, success begins when you start with the concerns and realities of farmers and rural communities and work with them every step of the way in the development of IPM programs.

2. Sustainable Agriculture.

None of the MDBs has yet to adequately address and incorporate sustainability issues in their agricultural development models. Yet, the threats to human welfare posed by the irreversible degradation of the world's basic stock of soil, water and genetic resources have never been more clearly pronounced than they are today.

Many of these threats to sustainability can be traced to the primary emphasis on energy-intensive, high-input production for international markets which characterizes rich country agriculture and has shaped the model for much of what is being promoted by the World Bank and the other MDBs in developing countries. High yields are based on inputs which degrade soil fertility, deplete water supplies and depend on non-renewable sources of energy.

Assisting borrower countries to make the transition to sustainable agriculture will require MDBs to fundamentally reassess their approaches to agricultural development. While necessary, it is in no way sufficient to simply impose environmental mitigation measures on bank funded agricultural projects, unless the projects themselves are part of a larger strategy for confronting the fundamental processes driving the unsustainable resource use.

All the banks must begin the process of assisting developing countries to better assess the risks posed to the long-term productivity of their agricultural assets. Greater attention must be given to the role of current and anticipated trends in resource management on their long-term productivity, the identification of the particular regions and resources at greatest risk, and the economic and social implications of their loss for future benefit.

The achievement of sustainability objectives must be made a fundamental component of all agriculture sector studies. And the MDBs must adopt internal policy guidelines which require the application of sustainability criteria in all bank supported agricultural development.

Equity and sustainability issues are closely linked. A higher percentage of MDB lending must advance the interests of the poor by addressing their needs directly. Land and livestock reform is needed to improve the equity of access to productive assets and to assure settlement patterns congruent with sustainable resource use as a central part of MDB efforts to assist borrower countries make the transition to sustainable agriculture.

Finally, lending strategies must place an increased emphasis on the conservation of soil, water and genetic resources, both through direct investments and as a consequence of other agricultural lending. Innovative agricultural technical assistance programs are needed which avoid heavy reliance on non-renewable sources of energy, promote organic methods of improving and maintaining soil fertility, and support non-chemical control of pests. Efforts must also be increased to encourage in-situ preservation of domesticated animal and crop plant germ-plasm in centers of diversity.

3. AFRICAN DEVELOPMENT BANK.

For the past two years the Sierra Club, along with the American Farmland Trust and the Natural Resources Defense Council, have been working with the President of the African Development Bank, Mr. Baracar N'Diaye, and his staff, to explore ways in which the African community development NGOs can play a larger role in Bank projects. With Mr. N'Diaye's support we have been working with the Bank staff to develop a proposed project called "The NGO Outreach Project."

We are please to report that the African Development Bank has put its to the funds into the project. We are also pleased to have Treasury Secretary Brady the continuing support of the Project noted in his testimony before the Congress. We are now awaiting a decision by the foundations to fund the year long project. We expect that sufficient funding to being the project will be obtained within the next few months.

In other matters, Mr. Seewant Bhoojedhur the Director of the Bank's Environmental Department, has been developing an environmental assessment process for the Bank. We realize that this new law is going to be difficult for the Bank to implement due to the lack of trained environmental staff within the donor countries. We hope that our government will be in a position to help these countries meet the requirements of the EIA law in a timely fashion.

4. INTER-AMERICAN DEVELOPMENT BANK.

In the past year, the IDB established an environmental department. We would commend the IDB both for the creation of the department and for the high quality of the people selected to head and to staff it. We remain somewhat concerned, however, about the relatively small size of the department in relation to the large amount of work that needs to be done in this field.

An area of ongoing concern is the question of whether or not the environmental conditions attached to loans are being observed. In this regard, we note that such conditions were not observed in the construction of the IDB-funded road between Cuenca and Naranjal in Ecuador. Obviously, an environmentally-sensitive loan agreement is of no value if the environmental safeguards are not honored. The monitoring of IDB-projects must be a priority in the coming year.

A further area that will require close attention in the next year is the level of lending for explicitly environmental projects. We hope to see a dramatic increase in such loans.

Finally, there are two issues which, in the next year or so, will provide a powerful litmus test of the IDB's commitment to the environment:

1) Environmental Assessment (EA) Procedure. The IDB has put together an EA procedure. The text of the procedure looks sound. We will be monitoring the implementation of these procedures in the coming year.

2) Policy on Non-governmental Organizations (NGO). We have not yet had a chance to review the policy in detail, but find that its fundamental intentions are good. Our major concern with the policy is that it takes an advisory tone, rather than directing the bank to consult interested parties throughout the project cycle.

5. ASIAN DEVELOPMENT BANK.

In Manila in 1988 and last year in Beijing, representatives from several NGOs in Asia who are actively monitoring the Asian Development Bank, arranged for invitations to the ADB annual meeting. There they met with Finance Ministry officials from member governments and high-level Bank officials. A broad range of concerns were discussed at these meetings and specific changes in the Bank's approach were advocated. In Beijing, ADB President Fujioka made a special effort to meet the NGO delegation and hear their concerns. The meeting was particularly significant in that it was the first time an ADB president met with NGOs representatives and the team was the only group President Fujioka saw which was not a high-level delegation from member governments.

Such meetings are currently being arranged for the NGO team at the New Delhi meeting in May. The focus of the lobbing work will once again be the ADB forestry and energy policies. The NGO group will discuss in detail, the overall trend in forest sector lending. Specific concerns about the current Philippine Master Plan for Forestry will be presented together with concerns about ADB forest lending in Laos, Bangladesh, and Papua New Guinea. Lobbying on energy issues will continue to focus on the need for the Bank to begin to move away from financing large-scale energy projects and to include conservation and end-use efficiency as key elements in their energy sector loans.

6. BANK FOR EUROPEAN RECONSTRUCTION AND DEVELOPMENT.

The Eastern European region is one of exceptional environmental devastation. In fact, some parts of Eastern

Europe, most notably the area around the East German, Czechoslovakian and Polish borders, are strong contenders for the dubious distinction of being the most polluted area on the planet.

This destruction is taking a stunning toll on the health and economies of these countries. In Poland, life expectancy, after peaking in the mid-seventies, is now sagging back to the levels of the 1950s. In Northern Czechoslovakia, residents are actually paid a bonus to live in an area so polluted that inhabitants die 4 to 5 years earlier than their countrymen in less polluted regions. The cynical Czechs call their bonuses "burial money".

Pollution undermines the economies of the region. While no data are certain, informed estimates place the pollution-induced losses in the region at around 10 percent of the gross national product. Environmental reform is therefore fundamental to successful restructuring of these economies.

Finally, environmental reform should have a very high priority in US aid efforts for foreign policy reasons. While the current wave of democratization has many causes, one of the driving forces has been popular outrage at the environmental devastation. Environmental groups have been at the forefront of the wave of reform in a number of countries. Members of the Polish Ecology Club, for example, sat at the roundtable discussions that resulted in the compromise that allowed the Solidarity government to come to power. In Bulgaria, members of Ecoglasnost recently sat in similar discussions. One of the best ways to foster democracy in the region will be for the US to work with these environmentalists and to help realize some of the goals that drove the reform movement in the first place.

One institution that will play a critical role in the unfolding Eastern European environmental situation will be the Bank for European Reconstruction and Development (BERD). In our view, it is crucial that the BERD avoid the mistakes of the other MDBs. This concern has also been raised by members of the House Banking Committee and the Senate Foreign Relations Committee. In addition, Treasury Secretary Brady has received letters from the Chairman of the Council on Environment Quality, Michael Deland and the Administrator of the Environmental Protection Agency, William Reilly.

We were pleased to learn that two environmental provisions appear in the founding document for the BERD. First, the bank is charged:

> to promote in the full range of its activities environmentally sound and sustainable development;

Second, the bank is charged with producing an annual report on the environmental impact of its activities.

While we are pleased to learn that some environmental language has been incorporated into the charter, the crucial test of the BERD will be in the development of the by-laws. We note that in testimony before the Senate Foreign Relations Committee, David Mulford, Under-Secretary of Treasury and the man leading the US negotiating team on the BERD, promised to follow up and work to develop operational guidelines and regulations to ensure that the broad commitments in the charter will be translated into real operational action.

We hope the Committee will support such efforts in the coming months. We have the opportunity to make this new Bank the model for the rest of the MDBs.

7. THE INTERNATIONAL MONETARY FUND.

We commend this Committee for the language on the IMF that was included in last year's Appropriation Bill, PL 101-167. Also last year, the Senate Committee on Foreign relations passed a complementary Bill, PL 101-240. The new legislation requires the US Executive Director to the IMF to promote major reform initiatives within that institution. If fully implemented by the IMF, these bills will have helped create significant positive benefits for the environment and the natural resource base of countries undergoing structural adjustment programs and for the people of those countries.

PL 101-167 requires the US Executive Director to seek support for the addition to the IMF's staff of natural resource experts and development economists trained in analyzing linkages between macro-economic conditions on the one hand, and short and longer term impacts on sustainable management of natural resources on the other. The Executive Director is required to promote the establishment in the IMF of a systematic process to review in advance projected impacts of each IMF lending agreement on the long-term sustainable management of natural resources, the environment, public health and poverty. Then, based on that analysis, the IMF would have to take those impacts into account in its policy formation.

PL 101-240 also articulates the need for a systematic review process of the Fund's policies, and the use of compensatory measures to reduce the potential negative impacts on the well-being of the poor and the environment.

The new legislation has laid a good foundation for our dialogue with the US Executive Director and other IMF officials. Less than a year ago, the Fund did not recognize possible negative impacts of the structural adjustment programs. We have yet to see measurable changes come forward on an operational level, but considerable progress has been made in creating a climate within the Fund in which substantial changes can be discussed seriously. In the last few months we have had a meeting with the Fund's Managing Director, Michel Camdessus, and a follow up meeting with the Deputy Managing Director, Richard Erb. The IMF has acknowledged the linkage between structural adjustment and potential environmental degradation, has instigated research in this field, and appears to be willing to keep us informed on the progress made in confronting environmental and poverty issues.

The US Executive Director has proved to be very enthusiastic about implementing the new legislation. His most significant and successful effort thus far appears to be focused on the establishment of a new social and environmental unit within the Fund, which seems to be feasible this year. The new unit initially would have approximately four professionals. It would commission appropriate studies by the Research Department, help develop practical mechanisms to alleviate negative impacts of structural adjustment on natural resources and the environment, and coordinate on a general basis with the World Bank, which already has experts working to analyze the social and environmental impacts of structural adjustment programs.

In order to comply with the legislative requirement to establish a systematic review process to analyze and take into account the social and environmental impacts of structural adjustment measures, the US Executive Director, the Treasury Department and the NGO community agreed that the Policy Framework Papers (PFPs), already utilized by the IMF to address some aspects of implementation, would provide one appropriate vehicle for carrying out environmental impact studies.

Although the PFP seems to be the most appropriate present document to raise environmental and social concerns, there are some problems with the quality and the legal weight of the PFPs. Furthermore, they don't cover the full range of IMF conditionality activities. For example, stand-by arrangements, covering adjustment programs from one to two years, don't require PFPs but are subjected to similar conditionality measures.

The PFPs need to become more specific, articulating clearly the principal measures to be taken and including a definite timetable for implementation. It is unclear what the leverage of the PFP is in the decision making process, but it is clear that more weight has to be given to it. Approval of the PFP as a necessary component of the loan package should be required.

Another difficulty is that preparation of a PFP is only a requirement for Low Income countries that seek to borrow under the Structural Adjustment Facility or under the Enhanced Structural Adjustment Facility. To make the PFPs a general and an effective tool, the use of the PFPs would also need to be expanded as a requirement for all debtor nations to the IMF.

In a meeting with US Executive Director Tom Dawson on March 19 we discussed how the US might comply with the provision in the legislation regarding initiation of a systematic review of structural adjustment programs and other IMF policy prescriptions. He noted that the Fund conducts a form of evaluation study for internal staff use, but it is unavailable to the Board or the interested public. Hence, accountability is difficult. Since we have no access to the majority of Fund documents, it is impossible to evaluate the appropriateness and comprehensiveness of those internal studies.

There is a need, therefore, to refine the legislative language on the subject of evaluation studies, to require an independent evaluation process.

A World Bank task force on poverty stated that long-term aggregate growth is not sufficient for alleviating absolute poverty. In many instances the poor do not possess the physical and human assets needed to take advantage of growth, and growth may not provide adequate expansion of employment for the unskilled. This helps explain why the number of people living in absolute poverty has increased in low-income countries even while respectable growth rates have been achieved over the past three decades.

The Fund's Board has recognized that some poverty-stricken groups could be disadvantaged in the short run by increases in prices of necessities, reductions in employment, and cutbacks in public services. They supported the occasional use of compensatory measures to cushion the impact of adjustment on these groups.

Instead of focussing on the development of compensatory measures to alleviate the economic pressures on the poorest of the society the Fund should address the real issues of sustainable economic growth. Compensatory measures designed to cushion the impact of adjustment on the poor do not guarantee future economic self reliance of the poor. Rather than to increase the participation of the poor in the economic activity the poor tend to get even further marginalized. To obtain sustainable growth the Fund should include in its structural adjustment policies measures that focus directly on the enhancement of the well-being of the poor: increase focus on income distribution, increase access to productive assets, improve education possibilities and training in vocational skills, and enhance basic nutritional and health standards.

While we were very pleased to see that environmental and social language was incorporated in last years appropriation legislation, we would urge you to consider adopting the following recommendations designed to establish more substantial reforms of the IMF. These recommendations reflect the changes required for the IMF has to become more responsive to the social and environmental reality of the borrowing countries.

- o The IMF should establish a special environmental and social unit;
- o Use of the Policy Framework Papers (PFPs) should be instituted as the main initial vehicle for incorporating social and environmental impact studies and evaluation reports;
- o The weight of the PFPs within the decision making process should be increased, by making them a general condition of loan approval;
- o The Fund should include poverty alleviation in its adjustment policies and increase its investment in programs that enhance the social and economical well-being of the poor;
- o The Fund's accountability to the public should increase, which can be accomplished through principally through increased access to information by NGOs and an opportunity to participate in fund activities and programs. Systematic consultation with and participation of national NGOs should be included in the development of environmental and social components of the PFPs;
- o A comprehensive review mechanism, covering all IMF programs should be established. The IMF should have an (ongoing) independent evaluation study conducted to assess the success or failure of the structural adjustment measures, particularly the social and environmental impacts of the Fund's adjustment policies;
- o The IMF's standard procedures in analyzing the costs and benefits of the structural adjustment programs should be changed, incorporating the natural resource accounting procedures.

8. TREASURY MDB OFFICE.

The positive and productive working relationship between the environmental community and Treasury's MDB office continues to grow. The office has proven to be conscientious, thoughtful and efficient in executing its mandate under the law. Having said this, it is important to note several issues that impact negatively on this performance:

1) Staffing level - With approximately 500 loans a year from the MDBs and the World Bank's lending alone representing $20 billion, Treasury's MDB office is not staffed at the level necessary for a careful analysis of the proposed loans for compliance with U.S. voting guidelines. Currently, significant staff time is spent meeting the

reporting requirements established by Congress on the MDBs. Although in the past these reports have been useful, with the present staffing levels, it is difficult and maybe impossible to issue the mandated reports on time and to follow the individual loans up for Board approval. We would suggest that the Committee, in consultation with the Treasury and the environmental community, examine the usefulness of these reports and if increased Treasury staff for loan surveillance cannot be found, then explore the possibility of consolidating some of the requirements.

2) Access to information - Closely following on the first point is the problem of timely access to the MDB-generated information of proposed loans. Currently, the World Bank provides to the U.S. Executive Director copies of the SAR two weeks before a Board vote. The usual practice for the other MDBs is to provide an appraisal report three weeks before a vote. These reports, which are generally 50 to 100 pages in length, requesting the approval of millions of dollars in loans are often technically complex and convoluted. It has become clear from our work in this area that review of the loans during the current two week access period guarantees that any examination will be superficial and cursory.

With the new material mandated by the World Bank's environmental assessment procedures, it may be even more difficult to assess whether these loans meet U.S. voting guidelines. At a minimum four weeks should elapse between the receipt of the SAR and the Board vote. The MDBs should also be willing to make available or request material as it is being developed by the staff. We would recommend that the committee ask the U.S. Executive Director to formally request that the MDBs provide the SARs at least four weeks before the Board vote.

9. AGENCY FOR INTERNATIONAL DEVELOPMENT.

A. MDB Office:

Much of what has previously been noted with regard to Treasury's MDB office also applies to AID. Again it is an office that provides much needed information on MDB projects and has demonstrated its commitment to the sustainable use of natural resources and to the protection of the environment and indigenous peoples. It has recently initiated monthly meetings involving U.S. government personnel (Treasury, AID, State, EPA, and CEQ) and environmental groups. Designed to identify projects which may adversely impact the environment, AID's early warning office offers an important opportunity for government and environmental groups to meet and exchange information on MDB-funded projects.

Currently, this is a one-person office with assistance of an AAAS fellow. It is our observation that this staffing level is not adequate to accomplish the responsibilities of the office as outlined in Section 537 (h) of P.L. 100-202 and Section 1303 (c) of P.L. 95-118. We would suggest that the Committee encourage AID to take the necessary steps to ensure the resources needed for compliance with the law. This office supplies some of the most important information and services necessary for monitoring the MDBs and we feel that it is imperative that it be maintained and strengthened.

B. Population:

Rapid population growth in many developing countries is a critical factor in the slowing and backwards drift of the development process. Per capita food production is declining in 51 out of 94 countries. Africa in particular is suffering from an unremitting increase in the need for agricultural land, energy, fuelwood, and fisheries, with a million more people to feed every three weeks. With the resource demand at an unsustainable level now, hundreds of millions of people still have no access to or understanding of basic family planning.

AID is known and respected throughout the world for its population assistance programs, even though it is sadly underfunded. The RAPID program in particular shows the direct link between increased human population and decreased per capita natural resource use. In the last fifteen years, the awareness of the importance of slowing population growth has spread to nearly every nation. In Africa alone, from the mid 1970's to the mid 1980's, the number of countries supporting family planning programs rose from 4 to 27; in Latin American and the Caribbean, from 9 to 16.

Twenty years ago very few countries had population policies or active involvement with family planning; now, very few countries do not. A great deal of this awareness developed during the past decade, as an essentially spontaneous response to the inescapable practical evidence that increased population in many countries was straining the environment and not leading to further progress in human welfare.

The number of countries with population programs has grown, and certainly the number of people needing family planning has grown - but the AID population account has fallen in real dollars. To maintain the percentage of coverage of those in need would have required significant growth above and beyond inflation; but U.S. aid today covers even a smaller proportion of the problem than it did ten years ago.

With the 20th anniversary of Earth Day just three weeks away, and in light of the dramatic changes in the military situation today, we face a golden opportunity for the U.S. to re-define national security interests for the coming decade to include peace - the peace that comes with stable, self-sustaining societies, in which people have the number of children they can support, that their community can provide for, and that their environment can provide resources to feed, clothe and house.

To achieve sustainable population levels, we have several great tasks ahead of us in the population field: universal availability of contraception; education and research on the environmental carrying capacity of each ecosystem; and devising democratic ways to reduce population over time to achieve a sustainable level.

But all of it starts with and depends upon one simple step - worldwide provision of safe, affordable, accessible birth control. Of course, the human benefits are first and immediate: the biggest single variable in many countries for an infant's chance of survival is simply that its mother does not have another child before he or she is 2 years old. But the longer term, environmental benefits are just as important, for the environment is the support system for tomorrow. Considering the myriad ways in which stable population lessens the strain on resources and helps with a transition to sustainable agriculture and renewable energy, this approach, at approximately $16 per couple per year, is by far the least expensive way to take a first practical step to a safe, sustainable world.

Universal family planning is generally defined at 75% contraceptive coverage. This coverage corresponds in practice to most societies' replacement level, of just over 2 children per couple, which is the number of children at current mortality levels which will replace their parents. The cost of providing 75% contraceptive coverage for the approximately 80 countries with growing populations is $6 billion today, and rises to $10.5 billion by the end of this decade due to built-in 'population momentum' from recent high birth rates. Since the U.S. traditionally provides 10% of major international aid efforts, this calls for a U.S. contribution of approximately $500 million.

To meet this need, we request that the appropriation for the AID population account be increased from last year's $220 million to $500 million for FY91. The 1982 funding level of $211 million, if the program had kept pace with inflation, would be $297 million.

This funding level will also let us meet our financial commitments under the Africa Fund passed by Congress last year, with its mandated 10% population spending. In addition, we hope that by setting an example of commitment to this global family planning initiative, other countries will be inspired to play their part in meeting the full immediate $6 billion need. We are approaching other countries specifically to assist in this need.

In implementing this appropriations request, two technical points should be noted. First, the AID population account earmark must be maintained.

Second, the cost per Couple Year of Protection, CYP, should be used as an evaluation tool in all grants. This standard, used by every other international family planning grant agency, assures that the management of each program can be measured objectively, and assures the continued high standards of service providers for which AID is known. It is particularly important in light of the significantly increased funding we have requested that a means be available to assure that the funds are used for the largest possible increase in provision of services. There is some concern that recent additional internal management requirements could erode the cost-effectiveness of the programs, thereby denying many millions of additional couples the benefits of population assistance. We note with alarm, for instance, that AID is cutting back sharply the procurement of contraceptives: new programs, even in Africa, are being denied AID-supplied contraceptives. Use of this internationally-recognized yardstick by the United States is a minimum standard for responsible distribution of these hundreds of millions of dollars of public funds.

We support sustainable development where people are be able to plan the family size that their own economic livelihood, community and environment can support.

We are seeing major failures of development policies, and in some instances major degradation of ecosystems due in significant part to population growth pressures. Population growth is capable of wiping out the achievements of the best possible environmental programs, economic development initiatives, health services efforts, and other attempts to improve human welfare.

The time has come for the U.S. to resume leadership on international family planning aid. We ask you to take the first step towards stable, sustainable population levels as quickly as possible, by supporting full funding of current unmet family planning needs. Giving individuals the ability to voluntarily control their fertility is an essential, immediate contribution to many of our country's foreign policy goals, and to the dignity of all humankind.

C. U.S. AID'S Biodiversity Program

You will recall that this Committee appropriated $10 million for AID's FY 1990 Biological Diversity program. We take this as a reflection of the wide support this program enjoys within the Congress and, we believe, within AID. We urge this Committee to again fund the Biological Diversity program at the $10 million level for FY 1991. As this Committee knows, there has been a controversy brewing, within the Asia\Near East Bureau over the implementation of this law.

Over the past few months the Sierra Club had been hearing from a number of sources, inside and outside AID, that the Biodiversity Program is being systematically undermined by the Assistant Administrator for Asia and the Near East, Carol Adelman, and her special assistant John Blackton.

While specific information was hard to come by, we did obtain some specific information on this matter. A memo from Mr. John Blackton regarding how the missions within Asia/Near East Bureau (ANE) are, in the future, to interpret AID's responsibility under the Biodiversity Law. His memo stated categorically that "AID is not an environmental agency, it is an economic development agency" and in the future "our role in Nat Res/Envir must flow from our economic development role [and] at the country level this means that our country specific Nat Res/Environment internventions (sic) (if any) must:

> ** drive from our analytical understanding of that country's economic growth path
> ** result from our analytical judgement that Natural Resource/Environmental constraint is potentially binding for that country's growth path."

From this excerpt we think you can understand why the alarms were going off inside AID. Of particular concern was the fate of the funding for the MANRES project in Thailand. In his memo Mr. Blackton suggested that AID Thailand "work on a range of urban/central plains water policy issues in Thailand and to leave marine fisheries and timber management to other players." That in effect would have killed off the major biodiversity project currently being developed by the AID Mission in Thailand.

In response to what seemed to be going on within the Asia, Near East and Europe (ANE) Bureau, Senators Leahy and Kasten send a letter of inquiry on March 1, 1990. Thanks to the Senators help, and the help of a number of other members of the Congress who also inquired into this issue, the Assistant Administrator for the ANE Bureau, Carol Adelman met on April 30th with a group of environmental leaders to discuss the Bureau's environmental program. Ms. Adelman and Mr. Blackton attempted to reassure the group that the Bureau was fully in support of the Biodiversity program and that the Blackton memo was not to be considered a reflection of Bureau policy.

By chance, Mr. John Eriksson, Thailand Mission Director, was in Washington to oversee approval of his MANRES project and attended the meetings. He reported to the group that sixty per cent of his requested biodiversity funds were being held up by the Bureau for further examination. As you might imagine this left us with a strong doubt still hanging as to the real intentions of the Bureau.

Subsequent to the meeting, the Sierra Club's International Program Director, Larry Williams, received a letter from Ms. Adelman thanking him for meeting with her and her staff and reporting that the Biodiversity component of the MANRES project in Thailand will receive full funding. Here is an excerpt from Ms. Adelman's May 9, 1990 letter:

> As Dr. John Eriksson...explained at the meeting, the country program is undergoing an extensive restructuring in transition to one that reflects the country's rapid economic growth. This will result in reduced staff, management capabilities and funding levels as well. It is within this context that we recently reviewed the MANRES project to determine how it should be configured to reflect these realities.
>
> Our discussion in Washington over the past week on the Thailand program have reconfirmed the central importance of environmental issues in Thailand. The analytical work conducted by the Mission over the past few months demonstrates that improved environmental management will be critical to the sustainability of Thailand's future economic growth, particularly in the urban, industrial and tourism sectors. In addition, it was agreed that support for conservation of biological diversity will continue at the

> level originally identified and planned in the MANRES project and that it will be included in the future program as a strategic global topic of mutual U.S.-Thai concern.

In the Senate confirmation hearing for Dr. Roskens, Senator Pell ask what measures Dr. Roskens would take "to fulfill the intent of Congress that programs authorized under these sections" (i.e. Sections 117 through 119 of the Foreign Assistance Act) " receive significant support from the Agency."

> Dr. Roskens' written response:
>
> I have not looked carefully at the biodiversity legislation, but I can give you a general response.
>
> As I understand the situation, the funds for biodiversity to date have essentially been applied to initiating new projects, in countries where the sector has not been addressed in the past. I think that is a laudable approach, so long as such projects are not 'one-time efforts.' I would urge Missions to contribute their work beyond the life of funds allocated under the earmark, ensuring that protection of biodiversity becomes part of the development fabric in countries where the projects were launched. In the long run, after all, the United States cannot force respect for biodiversity. If host governments, on the other hand, take on the issue as their down, a major step forward for the global environment will have been taken."

In response to an earlier question by Senator Pell on the importance of protecting the international environment Dr. Roskens was even stronger in his commitment to environmental protection:

> It has become abundantly clear to people everywhere that environmental degradation is bad for all of us, and that we have a global stake in maintaining and improving our natural resource base. (emphasis added)

We believe that what we are hearing from the new Administrator of AID, and the assistant administrator of the ANE Bureau, is a change of position regarding the implementation of the Biodiversity Law by the Bureau. This perception has been reinforced by a number of people within the Agency. We plan to keep a close eye on the future direction of the Biological Diversity program and urge this Committee to do the same.

We thank the Committee for funding this year's program at $10 million. We hope that the problems within the Asia Bureau can be cleared up and this will not effect a reduction of the programs' funding level for FY 1991.

D. Implementation of USAID's Global Warming Initiative

Last year this Subcommittee issued a strong mandate for USAID to expand its programs in energy efficiency. In P.L. 101- 167 and its accompanying report, Congress directed USAID to implement a Global Warming Initiative (GWI) -- funded at least at a level of $15 million in FY 90 -- involving substantial increases in energy and forestry programs. Congress also instructed USAID to take the following steps:

Target $20 million in FY 90 for the Office of Energy, thereby doubling that Office's current budget.

Increase the number and expertise of USAID staff in all Missions and Bureaus in the areas of energy efficiency and renewable energy.

Expand programs in energy efficiency, renewable energy, and energy planning throughout the Agency.

Focus increased energy assistance on key countries that contribute significantly to global greenhouse gas emissions, and in which USAID-assisted energy efficiency and renewable energy programs can significantly reduce those emissions.

As noted above, USAID has a comparative advantage among donor agencies in providing technical assistance and small demonstration financing to strengthen energy conservation institutions and provide financing for innovative energy efficiency technologies. Through its Missions and its central Office of Energy, USAID has already initiated a limited number of innovative energy efficiency and renewable energy projects. P.L. 101-167 provides specific instructions for USAID to expand this catalytic role, particularly in key countries and countries with large ESF programs.

Based on NRDC's analysis of USAID's Congressional Presentation (CP) for FY 91, it appears that USAID has satisfied Congress's minimum budgetary requirement for FY 90 through a net increase in relevant programs of approximately $20 million. However, it also appears that USAID has so far failed to satisfy equally important instructions in P.L. 101-167. For example the CP does not include any plans to support promising energy efficiency programs in China and Indonesia, both critical key countries. Energy programs in Poland, another key country, will focus almost exclusively on so-called "clean coal" technologies, despite a tremendous potential for end-use efficiency improvements in that country. Also, USAID has not funded its central Office of Energy at the level directed by Congress.

The Subcommittee should ensure that USAID is moving expeditiously to implement the Global Warming Initiative. NRDC was troubled to see a copy of a May 9 letter to the Subcommittee that acknowledged USAID's failure to submit by April 15 a report identifying key countries for the Global Warming Initiative. We expect that USAID's delay in submitting this general report is not preventing USAID's Missions and Bureaus from beginning work on specific action plans for key countries. Before the Subcommittee marks up its FY 91 bill, USAID should inform the Subcommittee of steps being taken by key country Mission Directors and by the heads of the Bureaus to plan for new and enhanced projects in energy and forestry under the Global Warming Initiative.

New U.S. direct-hire staff will be critical to managing increased USAID energy efficiency programs. P.L. 101-167 specifically instructs USAID to increase the number of direct-hire personnel with expertise in energy and environment and authorizes USAID to use program funds for this purpose. NRDC was pleased to see that former Acting Administrator Edelman, in a March 12 letter to the Chairman of this Subcommittee, committed the Agency to hiring up to 20 additional environment and energy staff. We were also pleased to learn that the Agency is developing long and short term training programs for its Mission and Washington staff. The Subcommittee should ensure that Administrator Roskens is also personally committed to these hiring and training targets, and that USAID's new staffing complement will include individuals with experience in the design and implementation of successful end-use efficiency programs.

The Agency should also expand training programs for host country energy sector officials and line agency staff. The Office of Energy's training activities should be expanded to allow key country energy policymakers to meet with U.S. energy sector officials involved in successful conservation and energy planning programs. For example, USAID should sponsor training programs for developing country electric utility officials with U.S. counterparts who have considerable experience in least-cost planning and utility-sponsored conservation programs. NRDC has worked closely with these officials and is advising USAID on establishing such a training program. Similar exchanges should be established for officials in the transportation and industrial sectors.

The Office of Energy will be a major resource of staff expertise for USAID in carrying out the energy programs described above. To provide the technical assistance necessary for expanded least-cost planning activities, institutional support for efficiency and renewable energy programs, and catalytic demonstration projects in these areas, the Office of Energy will require significant expansion. The Conference Report accompanying P.L. 101-167 stated "that funding for USAID's Office of Energy should be targeted at $20 million in FY 90".

USAID has not met this target. The Agency's FY 91 CP lists the Office of Energy's FY 90 budget at roughly $15.4 million. While this represents a slightly more than $5 million increase over the FY 89 budget, it nevertheless clearly falls short of the congressional target. Moreover, the CP proposes to then cut the Office's budget by roughly $2.1 million in FY 91. The Subcommittee should send a clear messages to the Agency that the seriousness of the global warming issue demands much more than a one year commitment. The Office's budget for FY 90 should be increased to meet the congressional target and further increased in FY 91 to $30 million.

E. Support for Eastern European Democracy (SEED):

As mentioned above, environmental protection should be one of the priorities for all US activities in Eastern Europe. We would like to commend the Committee's for appropriating funds for the Support for Eastern European Democracy (SEED) Act. In particular, the Act called for EPA to establish a regional environmental center in Budapest, Hungary, and to assist in the development of an air quality monitoring network in Krakow, Poland.

Since the SEED Act was signed into law, the reform movement in Eastern Europe has spread far beyond Hungary and Poland. New aid packages are moving through the Congress which would expand both the mandate and the funding of the SEED Act. We would ask the Committee to increase appropriations for environmental projects and programs commensurate with the expanded area covered by the new SEED Act.

In particular, we feel it is very important that expanded U.S. assistance focus on developing indigenous capacity for pollution control in Eastern Europe. Two fields merit particular attention. First, assistance should focus on the development of capacity within industry of the region to control pollution. Given the region's heavy debt burden, it will do little good to demonstrate pollution control technologies that need to be purchased from the West, far more effective would be technologies that can be manufactured in the East. Secondly, the institutional infrastructure for pollution control in Eastern Europe is weak. U.S. assistance to build effective environmental ministries and regulatory monitoring systems in the region will be critical if region is to develop the capacity to control the environmental excesses of both its own industry and that brought in by foreign investment.

Given the region's environmental vulnerability and the political attention focussed on the environment in the region, we would also urge the committee to attach safeguards to all U.S. assistance to the region, in particular to the enterprize funds, to ensure that the projects they fund are conducted in a fashion that meets environmental standards no less strict than would apply if the projects were undertaken in the U.S.

10. OTHER INTERNATIONAL ORGANIZATIONS AND PROGRAMS.

Funding should be provided to move the World Heritage Program to a new level of effectiveness. Current appropriations do not even total one million dollars. The World Heritage Program provides recognition for the greatest natural and cultural sites on our planet. Many of these sites are under stress. Some greater visibility of this Program is necessary as a way of providing additional protection and of furthering services from the program. In addition, there are new opportunities for the program in Eastern European countries.

The United Nations Environmental programme (UNEP) did a remarkable job in facilitating the Montreal Protocol to protect the ozone layer. We ask for an increase in appropriations for UNEP to provide it with $20 million for fiscal year 91. UNEP only receives $32 million a year from all country donations which is too minuscule a sum given the severe global environmental challenges it must address. As we enter the twentieth anniversary of Earth Day, we think it appropriate for the Committee to indicate that a level of $100 million will be pledged by the United States for UNEP over a five-year period to help give the agency stability. A similar five-year pledge was made a decade ago by the United States and helped considerably in providing UNEP with the opportunity to hire for the long-term. This pledge should be repeated.

Additional money ought to be provided in this International Organizations and Programs account to assist NOAA in carrying out work pertaining to global warming and tropical deforestation. Adequate funds are necessary to install proper equipment to monitor various trends and indicators of global warming such as sea level rise. Money is needed for thorough participation in international meetings, particularly in regard to the role of the oceans in affecting global climate change.

Adequate funds should be provided so that NOAA, in cooperation with NASA, EPA, the Forest Service, and other appropriate agencies, could prepare on an annual country-by-country basis the definitive statistics on forest cover, with a comparison to the previous year's cover. Initial cost estimates suggest that the cost per country of such analysis would be in the range of $15,000 to $20,000. Thus about $2 million should be provided to gather this information for 100 priority countries. This information is vital in getting an accurate picture of who is gaining and who is losing in the fight to halt deforestation.

We recommend that $750,000 be appropriated for the International Union for Conservation of Nature and Natural Resources (IUCN). This voluntary coalition of government and non-governmental organizations from around the world works to build consensus among the various organizations involved in the Union and has considerable expertise in sound resource management, tropical forestry, environmentally benign coastal zone and wetland management as well as protection of parks and endangered species. The $750,000 voluntary appropriation would allow IUCN to further develop its network of regional offices in developing countries, assist countries in developing national conservation strategies, and identify critical sites around the world that deserve protection because of their outstanding biological diversity.

11. GNP AND NATIONAL INCOME ACCOUNTS.

We commend this committee for the language in last year's Supplemental Appropriations Bill PL 101-45, concerning environmental deterioration and the gross national product. This far-sighted new law calls on the Secretary of State, the Administrator of A.I.D., and the U.S. directors and representatives to international institutions to seek new ways of calculating each nation's gross national product to factor in environmental damage degradation of natural resources. When combined with the directive to the Secretary of Commerce in the

State, Justice, Commerce Appropriations Bill, calling on him to produce an index of Gross Sustainable Productivity , Congress has wisely laid the ground for the urgently needed revamping of the way in which measures of national well-being are prepared in the United States and around the world. We urge the Committee this year follow up on last year's initiative and provide additional encouragement to all the applicable institutions to pursue this directive.

To take one case study as an illustration, the World Resources Institute found that when Indonesia's damage to forest and farmlands was taken into account, the economic growth rate for the past fifteen years drops from 7% down to 4%. Traditional methods of calculating the Gross National Product (which is generally taken as a central measure of well-being for a country) do not take into account the loss of vital natural resources as a cost. Just as businesses provide an estimate of the depreciation of the buildings and equipment in their annual financial statements, the nations of the world need to subtract damage and destruction of the natural resource base as a cost in order to give an accurate picture of the health of the economy.

STATEMENT OF REV. HAROLD BRADLEY, S.J., ASSISTANT TO THE PRESIDENT OF GEORGETOWN UNIVERSITY

Dear Mr. Chairman and Members of the Subcommittee:

I am Father Harold Bradley, S.J., Special Assistant to the President of Georgetown University. I appreciate the opportunity to testify before this Subcommittee. Let me begin by thanking the Subcommittee for the generous support you have provided to the Central American Scholarship Program (CASP) and the new cost-sharing program, the Cooperative Association of States for Scholarships (CASS). I would also like to thank you for supporting the development of the East Central European Scholarship Program that will bring Polish and Hungarian peace scholars to the United States in September of 1990.

CASP/CASS

Under a Cooperative Agreement with the United States Agency for International Development (AID), Georgetown University administers CASP/CASS. The University's mission in fulfilling the will of Congress is to provide peace scholarships that serve capable, yet economically disadvantaged students. From Central America and now the Caribbean, these peace scholars attend United States community-based institutions for academic education and technical training.

CASP/CASS has been designed to contribute to the formation of more effective manpower resources and foster the leadership and technical skills required to meet social, economic and democratic needs in Central America and the Caribbean. CASP/CASS works closely with in-country experts and advisory board members to determine which fields of study can best contribute to the economies of participating countries.

United States community-based educational institutions then develop or adapt programs to provide students with the technical skills and experience that are in demand in the region. Currently students are engaged in one of the following fields of study: clothing merchandising, computer science, electronics/computer repair, food technology, hotel and restaurant management, quality control, and small business management. Needs analysis and follow-up studies of alumni are conducted periodically to modify course offerings based on current and projected economic realities in the region. Consequently, in light of CASS' expanding presence in the Caribbean, the following fields of study will be offered beginning in August of 1990: air-conditioning and refrigeration servicing, medical equipment and small appliance repair, and machine tool technology.

For each country in which scholarships are offered, a local CASP/CASS coordinator works to identify deserving students. Selection committees made up of home-country representatives from business, industry, education and other private and public interests, look for young people who demonstrate the strongest leadership potential. Eighty percent of the scholars are from rural areas, nearly fifty percent are women and all are economically and socially disadvantaged and rank above average academically. In a highly competitive selection process, an average of one in ten applicants is chosen to participate in CASP/CASS.

Before the selected students depart for the United States, they prepare to meet the challenges of CASP/CASS during an intensive pre-departure orientation process. Throughout this period, CASP/CASS overseas staff encourage student attitudes of responsibility and initiative and help students clarify individual and program goals. Students also have the opportunity to visit local industries where their training could be applied and make potential job contacts before even leaving the country.

All students make a formal commitment to return home and apply their technical/vocational training to benefit their family, community and country, when their U.S. study is completed. The quality of CASP/CASS students is of the highest priority and the success of the recruitment and selection process is borne out by the fact that over the last five years all but 3.7% of CASP students have completed the program.

"Experience America" is an essential phase of the program. Its three major components -- academic training, experiential opportunities, and personal and professional development -- reinforce self-reliance, self-responsibility, and commitment. Living with American families and studying in community-based institutions, these peace scholars develop an understanding of U.S. culture and values, and our democratic processes. These students in turn have a positive impact on their host communities, heightening cultural awareness, geographical knowledge, and political and personal insights about the Americas. The result is the formation of lasting social, economic and cultural links between the United States and future leaders of Central America and the Caribbean.

I want to take this opportunity to thank the Members of this Subcommittee and their staffs who have met with the Central American students on their visits to Washington. This represents a very important part of the "Experience America" program, helping them to understand our democratic values and processes first hand.

Today 229 CASP students are studying at fourteen community-based institutions in seven states: Pennsylvania, Massachusetts, Kansas, California, Iowa, Wisconsin and Florida. Numbered among the CASP students is the first group of hearing-impaired scholars who arrived in March of 1989 to begin a two-year program to study computer literacy at Mount Aloysius Junior College in Cresson, Pennsylvania.

822 CASP alumni have completed associate degree and technical programs, many having graduated with honors. Approximately eighty percent are employed or continuing with their education. Finding jobs in their home countries is not automatic because most opportunities are still reserved for the privileged.

To maintain and improve employment opportunities for current and future alumni peace scholars, we have developed a support staff. In addition to recruiting and selecting new students, this staff is dedicated to cultivating Georgetown University alumni in the region. Many such alumni are major employers and reside in participating countries throughout Central America and the Caribbean, offering important resources for peace graduates. Perhaps the most effective network arises from the growing number of CASP/CASS alumni themselves. They have organized CASP/CASS associations in each country, providing support and assistance in collaboration with Georgetown alumni to expand employment opportunities.

CASP participating countries currently include Belize, Costa Rica, El Salvador, Guatemala, and Honduras. CASS includes students from these countries as well as from : Jamaica, Haiti, Grenada, St. Vincent/the Grenadines, Antigua/Barbuda, St. Kitts/Nevis, St. Lucia, Dominica, and the Dominican Republic.

Unlike CASP, which has been fully funded through AID, CASS is a program in which federal funds will be supplemented by state and private sector contributions, increasing the number of students to be educated for the same federal expenditures. There are currently 563 CASS students enrolled at thirty-three institutions in seventeen states. These states are: California, Florida, Illinois, Kansas, Maine, Massachusetts, Minnesota, Missouri, New York, New Jersey, Ohio, Oklahoma, Oregon, South Carolina, Texas, Washington, and Wisconsin. (A list of participating CASS/CASP community-based institutions is attached.) The CASS peace scholars are studying clothing merchandising, electronics and computer repair, food technology, hotel and restaurant management, small business management, and quality control. Efforts have been launched in conjunction with the participating institutions to generate state and private sector support.

The success of the first group of hearing-impaired scholars paved the way for the arrival in June of 1990 of a second group of fifteen hearing-impaired students for a two-year program in computer literacy at Mount Aloysius College, through CASS. Fifteen more hearing-impaired scholars are scheduled to begin studies in microcomputer applications at St. Petersburg Junior College in August of 1990.

East Central European Scholarship Program

A Cooperative Agreement is to be signed with AID for a scholarship program that will bring 60 individuals from rural areas of Poland and Hungary to study in U.S. community-based institutions. These individuals have distinguished themselves by their active participation in the processes of democratization and privatization in their countries.

The program grows out of a recognition of the need for a democratic and economically active rural leadership in East Central Europe. Its focus will be on modernization of the rural sector and implementation of democratic system of government at the grass roots level. Specifically, this program will educate 45 Poles and 15

Hungarians who have demonstrated commitment to their communities, leadership qualities, a sense of social responsibility, and entrepreneurial initiative. In the United States they will receive two years of education and practical training at community-based institutions in how to: organize, manage and develop market-oriented cooperatives; establish appropriately scaled and financially viable agribusinesses; create and run local private support banks; read and speak English proficiently; and implement a democratic system of government in rural communities.

CAPS - Panama

Georgetown University is also coordinating the training of students from Panama who are studying for undergraduate degrees in the United States under the Central America Peace Scholarship Program. Of the 235 students who began this four year program since the fall of 1986, 190 are in various stages of study at community colleges and universities throughout the United States. Eighty educational institutions in thirty states are participating. Further ten journalists and fifteen English teachers completed short term training and have returned to Panama. The first graduate of the long term training program received his four year degree in May 1989, with honors, from Widener University in Chester, Pennsylvania.

Sixty additional CAPS/ Panama students have completed their English language training and orientation at the Panama Canal College. Fifteen of these students arrived in April of this year to begin two year associate degree programs. The remaining forty-five students are slated to depart Panama in the fall of 1990 to begin four year bachelor's degree programs. In addition, over the next two years, CAPS/Panama will train 50 to 75 new students for placement in two year business, small industry or export-driven training programs. Fifteen English language teachers will also complete a nine month training program. We anticipate that the remaining under the original CAPS/ Panama contract will be made available shortly.

Hemispheric Migration Project

In fiscal year 1990 the Hemispheric Migration Project (HMP) has pursued a modest program to inform United States policymakers of the direct implications of HMP sponsored refugee research in Central America. Funded by the Department of State's Bureau for Refugee

Programs out of appropriations made in prior fiscal years, the HMP's timely research on repatriation and reintegration of Central American refugees has brought us closer to understanding when and why refugees choose to go home. The HMP has also commissioned policy papers assessing long-term refugee assistance strategy and the role of nongovernmental agencies in that assistance. Among other topics in the next year, the HMP will pursue its work on the undocumented populations in the region, making recommendations about their potential migration northward and prospects for legalization in the host countries.

In the name of our President, the Reverend Leo J. O'Donovan, S.J., I thank you for your support of our programs.

CASP/CASS Participating Institutions

Altoona Area Vocational Technical School
Altoona, Pennsylvania

Bartlesville Wesleyan College
Barltesville, Oklahoma

Bergen Community College
Paramus, New Jersey

Berkshire Community College
Pittsfield, MA

Broome Community College
Binghamton, New York

Central Florida Community College
Ocala, Florida

Coffeyville Community College
Coffeyville, Kansas

Columbia College
Columbia, California

County College of Morris
Randolph, New Jersey

Edmonds Community College
Lynnwood, Washington

El Paso Community College
El Paso, Texas

Everett Community College
Everett, Washington

Florida A&M University
Tallahassee, Florida

Florida Community College at Jacksonville
Jacksonville, Florida

Fort Scott Community College
Fort Scott, Kansas

Fox Valley Technical College
Appleton, Wisconsin

Hesston College
Hesston, Kansas

Hocking Technical College
Nelsonville, Ohio

Illinois Eastern Community College
Olney, Illinois

Independence Community College
Independence, Kansas

King's River Community College
Reedley, California

Kirkwood Community College
Cedar Rapids, Iowa

Modesto Junior College
Modesto, California

Mount Aloysius Junior College
Cresson, Pennsylvania

Mount Hood Community College
Gresham, Oregon

Northcentral Technical College
Wausau, Wisconsin

Penn Valley Community College
Kansas City, Missouri

Rochester Community College
Rochester, Minnesota

St. Louis Community College -
Florrisant Valley
St. Louis, Missouri

St. Louis Community College - Forest Park
St. Louis, Missouri

St. Petersburg Junior College
St. Petersburg, Florida

Scott Community College
Bettendorf, Iowa

University College - Bangor
Bangor, Maine

University of Central Florida
Orlando, Florida

University of Maine - Orono
Orono, Maine

University of North Florida
Jacksonville, Florida

University of South Carolina-Salkehatchie Campus
Allendale, South Carolina

University of South Carolina-Sumter Campus
Sumter, South Carolina

University of Southern Maine
Portland, Maine

University of West Florida
Pensacola, Florida

University of Wisconsin Center - Barron County
Rice Lake, Wisconsin

University of Wisconsin - Madison
Madison, Wisconsin

University of Wisconsin Center - Marinette
Marinette, Wisconsin

University of Wisconsin Center - Richland
Richland Center, Wisconsin

Waukesha County Technical College
Pewaukee, Wisconsin

West Hills Community College
Coalinga, California

STATEMENT OF JOHN PALMER, FOR AFRICARE, HELEN KELLER INTERNATIONAL, AND THE INTERNATIONAL EYE INSTITUTE

A. General Statement and Summary

I am John Palmer, the Executive Director of Helen Keller International on behalf of which I am testifying. Helen Keller International is a nonprofit, private organization based in New York, with offices in 32 countries, whose mission is international health and the prevention and treatment of blindness. I am also testifying on behalf of Africare, a private, nonprofit organization based in Washington, D.C. dedicated to improving the quality of life in rural Africa and the International Eye Foundation, a nonprofit private organization which, like Helen Keller, is an international organization concerned with the prevention and treatment of blindness. All three organizations are PVOs registered as such with the Agency for International Organization. All three organizations have worked cooperatively on blindness prevention programs in Africa and have been actively involved with and supportive of AID health and nutrition programs. My testimony is in support of expanded funding beyond that requested by AID for the River Blindness Program, the Vitamin A Program, and the Child Survival Program. In general, we are very supportive of the bill recently passed by the House with respect to these programs and hope the Senate will be able to at least support the same levels of funding as provided by the House for these programs and perhaps add slightly to the House bill.

B. Onchocerciasis Control Program/Riverblindness

The OCP is intended to prevent blindness caused in river areas of Africa by a black fly. The program is financed from the Health, Development Assistance Account. The program is administered by the WHO and is supported by funds from many countries. It operates currently in West African countries. Spraying markedly reduces the flies which cause the disease and must be continued on a regular basis. Many people in West Africa have contracted River Blindness already however. It is this population for which the drug ivermectin is used. It has been established as effective in preventing blindness among those who show symptoms of River Blindness. The OCP has focused primarily on spraying programs and has also been developing programs regarding the distribution of ivermectin. Helen Keller International, Africare, and the International Eye Foundation have worked very cooperatively with the WHO and its OCP. We wish to commend WHO for its efforts and particularly Dr. Samba, the Director of the OCP.

This May a national conference was sponsored in D.C. by InterAction on the topic of ivermectin and its use in preventing river blindness. Some 20 U.S. private voluntary organizations attended this conference. The organizations reached a consensus that U.S. PVOs should take a leadership role in developing programs to distribute ivermectin to populations in need primarily in Africa. This program would supplement WHO activity. Ivermectin is being made available free of charge by Merck, its producer, for distribution in developing countries to treat river blindness. However, to date, efforts through the OCP program have been limited due to limited resources. National strategies need to be developed to distribute the drug effectively in the countries where river blindness problems occur.

A number of U.S. PVOs have experience in planning for and distributing ivermectin including Africare, Helen Keller International, and the International Eye Foundation. As a result of the conference in May, these three PVOs have formed a consortium, to include originally about 20 U.S. PVOs, for the purpose of greatly broadening U.S. PVO involvement in the community based distribution of ivermectin. The consortium is intended to serve as a mechanism to assist U.S. PVOs and indigenous PVOs in planning and undertaking programs for the distribution of ivermectin. The basic goal is to develop national strategies in each affected country for the distribution of this drug. The focus of the activity would be on countries in Africa where the vast majority of the need exists including OCP countries. The programs will involve surveillance and monitoring of the disease and the distribution of the drug. Distribution will utilize appropriate community resources. These organizations will meet at least annually with all interested U.S. PVOs and other organizations, such as major universities with international public health capacity, to plan and guide the program. Two such universities, Tulane and Johns Hopkins, were part of the original meeting on this matter. The consortium activity will be fully coordinated with the OCP and the ministries of health in affected nations.

We urge the Subcommittee to earmark funds for the Riverblindness program and for the ivermectin program within it. We are recommending an earmark of $1.5 million for the ivermectin activity. The ivermectin project should include activities in all affected countries of Africa and possibly Latin America. Ninety-eight percent (98%) of the need is in Africa. The funds should be made available directly to U.S. PVOs by the AID central office. Our U.S. PVO consortium should have a direct relationship with the AID central office on this issue though we also would intend to work closely with individual missions of AID in affected countries.

The Administration has requested only $2.5 million for the River Blindness Program in 1991, $2.5 million less than is being spent in 1990. We recommend that the Senate fund the Riverblindness Program at least at the 1990 level of $5 million and earmark $1.5 million for the distribution of ivermectin as the House bill does.

C. Need to Expand Vitamin A Program

Vitamin A deficiency has been known to be responsible for about 5 million new cases of eye disease a year in children in the poor countries of the world. Five hundred thousand cases were estimated to cause blindness among children. In response to these facts, the Congress and AID initiated the Vitamin A deficiency program. The focus of the AID supported Vitamin A deficiency program has been mainly in Asia where great strides have been taken to reduce the incidence of blindness among children. HKI began its Vitamin A program in Asia some 15 years ago. The Vitamin A deficiency problem exists in severe form in Africa as well. The countries with the worst problems are those in the West African Sahel but the problem is likewise severe in drought and famine stricken Eastern and Southern Africa. The Vitamin A program needs to have significantly expanded funding to begin assessments of need and the development of programs in Africa.

Secondly, studies in Asia and Africa between 1982 and 1986 have shown a marked decrease in mortality and morbidity, other than blindness, among children when Vitamin A programs have been initiated. Morbidity decreases demonstrated by these studies have been 35 to 50 percent when a Vitamin A program is utilized. These studies have involved high dosages of Vitamin A in children who had severe deficiencies of Vitamin A. Studies have indicated that improved growth patterns occur when Vitamin A is utilized, as do decreased rates of anemia and infections.

There is little doubt that Vitamin A deficiency is a significant factor in not only blindness but also childhood mortality, infections, measles and anemia. An expanded Vitamin A program is also justified therefore because of its positive impact on child mortality and disease in Asia and Africa.

The cost of getting a capsule to a child is only $1.00 per capsule and a capsule must be delivered twice a year.

We recommend an increase of $4 million for the AID Vitamin A program bringing it to a total of $12 million for 1991. The increase should be utilized to develop Vitamin A blindness prevention programs in Africa and to generally expand coverage of children with Vitamin A deficiency. The program should continue to focus on the use of private voluntary organizations (PVO) including HKI to implement the program. HKI believes that the appropriate focus should be upon the use of U.S. PVOs to develop programs and train and assist indigenous PVOs to implement the programs over time.

The House bill provides $10 million for this program. We think $12 million is justified by the need to reach a larger number of children in Asia, those for whom Vitamin A can prevent infections, anemia, and other diseases, and by developing vitamin programs in Africa where they do not exist. The program has had no increase for at least three years so a 10 million funding level is actually necessary to keep real spending comparable to its initial level.

D. Child Survival

Finally, Mr. Chairman, we urge the Subcommittee to support the House provisions of appropriations for the Child Survival Fund. The program focuses very effectively on malnutrition. Nearly 5 million children die each year from causes related to malnutrition. Malnutrition is also a cause of blindness and other severely disabling conditions. We have been actively involved in this important program. We would like to commend the WHO for its work in combatting child malnutrition.

Mr. Chairman, we appreciate your involvement and support for assistance programs in third world countries and your support of PVOs and their role in development programs. We are proud of US PVO involvement in programs such as the Vitamin A and Child Survival Programs and we hope you will support our recommendations for those programs and our specific request for the establishment of a US PVO program to distribute ivermectin.

Riverblindness

The Committee has earmarked $5,000,000 for River Blindness (Onchocerciasis) control. Of this amount $1,500,000 is to be used to establish a program to distribute the drug ivermectin primarily in Africa where 98% of the need exists, including strengthening ongoing ivermectin distribution activities of the Onchocerciasis Control Program (OCP) in the eleven OCP countries, through a consortium of U.S. Private and Voluntary Organizations led by Africare, Helen Keller International, and the International Eye Foundation. The program is to be community based and operated in collaboration with ministries of health in affected countries and the World Health Organization. It will involve surveillance and monitoring of the populations at risk and the distribution of the drug. An assessment of the drug has been undertaken by OCP and has established its safety and efficacy. The $1.5 million should be made available by AID to the U.S. PVOs through the AID central office.

The remaining $3.5 million earmarked for River Blindness control is intended to continue support for the Onchocerciasis Control Program executed by the World Health Organization.

STATEMENT OF ADM. WILLIAM CROWE, JR., USN, RETIRED

Thank you for inviting me to speak to you today on our security assistance program for the Republic of Turkey. As criticisms of foreign aid -- especially military aid -- in the post-Cold War period become a rising tide, I am pleased to have a chance, as a former sailor, to put my oar into the debate.

In recent months, Members of Congress have challenged U.S. military assistance policy on the grounds that it advances by inertia and its allocations reflect outdated thinking. The call has been made to rationalize aid allocations, to take proper account of the new circumstances in international security and to muster political courage to oppose the notion that foreign aid is an "entitlements program." Challenges of this type are useful since they require us to review our programs, and the rationale for such aid. However, many of the ideas underpinning these challenges would do nothing to improve U.S. policy, and our international relations.

For example, it makes no sense, in my opinion, to call for rationalizing aid allocations and then to advocate a completely arbitrary, fixed-percentage, across-the-board cut of the major programs. If Congress wants to assist in improving foreign aid, it should look critically at the merits and demerits of each country program in question.

Congress can also play a valuable role in helping define the goals and uses of foreign aid. It should, for example, work to increase public understanding that military aid is not charity. It is not a give-away. On the contrary, it is one of the most efficient means the United States has to promote its defense interests around the world. Military aid should be viewed as a form of U.S. defense spending, not as a favor we bestow on foreigners.

This is important to bear in mind when proposals are made to use threats of military aid cuts as a form of diplomatic leverage. Military aid is justified, I believe, only if it serves our national security interests. It can serve our interests even if the recipient differs with the United States on certain policies. Threats to cut military aid are generally ineffective as a means of inducing policy changes in the recipient country. Sovereign pride, especially in open, democratic countries, rejects the linkage. And it makes little sense to threaten to cut aid that actually serves U.S. defense interests. Such threats are even less likely to be effective when they are made in the highly public and relatively inflexible form of legislation. As a rule, congressional threats to link military aid levels to policy changes by a recipient do damage and serve no constructive purpose, especially when the recipient is a close friend or ally.

I do not mean to deny that there is a role for carrot-and-stick diplomacy in our foreign policy. But military aid, in my opinion, is ill-suited to it.

Further, military aid in the form of FMS credits is not only not a give-away but it is a direct and effective stimulus to U.S. industry and business. With few exceptions, all such credits provided by Congress to our friends and allies must be used by them to purchase U.S. produced goods and services, a fact often lost in Congressional and public debate when such aid is equated to "rent for base rights" or "charity."

Believing, as I said, that aid allocations should be judged according to the merits of the individual program, I have come here today to discuss one of the most meritorious of our security assistance programs, that for our NATO ally, the Republic of Turkey. I do so because the Turkey program is endangered -- as we saw in the action taken by the House counterpart of this subcommittee -- by misconceptions about the changing security situation in Europe and the effects of the changes on Turkey's security assistance requirements.

Security assistance to Turkey has been and will continue to be important to U.S. security and to stability in a dangerous part of the world. The Administration has requested $595 million for Turkey for FY 1991 -- $545 million in Foreign Military Sales credits and $50 million from the Economic Support Fund. This is a good investment for the United States, and I urge the Congress to appropriate the full amount.

The world is changing, and I agree with many who argue that the United States needs to adjust its policies to respond to those changes. There are still, however, serious security problems in the international situation, some old and some new.

Everyone agrees that Turkey has been important to U.S. defense interests and to those of NATO during past forty years. But many in Congress and elsewhere clearly underestimate Turkey's importance for the future. As Chairman of the Joint Chiefs of Staff, I was constantly aware of Turkey's important contributions to NATO and to the stability of the Middle East. In the future, NATO's role will be different. In my judgment, Turkey will be even more important to international peace and security in the coming decades than it has been in the past. As the U.S. presence in NATO and Europe is dramatically reduced, this is no time for the United States to turn its back on one of our most loyal allies.

Turkey is unique in the Muslim world because it has chosen secular democracy, modernization and full integration with the western world. Turkey is making good progress on all these fronts but it has obstacles to overcome, both at home and abroad. Both the United States and the European Community have a strong interest in Turkey's success. Unfortunately, there are political forces in the West that are uncomfortable with such close relations with Turkey, and the EC has not embraced Turkey's application for membership. The United States needs to give a high priority to Turkey, and security assistance is an important and essential part of that relationship. The Turkish economy is growing rapidly, and we hope the day will come when Turkey will be able to finance its own defense forces. But that day is far off. Turkey needs substantial assistance from the United States, and it is in our national interest to provide it. Today I would like to address briefly three national security issues of concern to both the United States and Turkey: (1) East-West relations and the role of NATO in a new European order; (2) future developments within the Soviet Union and the potential for extreme instability in the Balkans and the Transcaucasus; and (3) growing tensions and the build-up of weapons of mass destruction in the Middle East.

The international security situation is especially yeasty right now, so it is very difficult to make forecasts. As comforting as many of the recent changes in Europe appear, the current instability could produce serious, even grave, threats to important interests of the United States and our allies. And, as the military picture seems to brighten in certain areas of the world, it grows darker elsewhere. U.S. military planners cannot simply assume that the disintegration of the Warsaw Pact terminates all danger to U.S. interests in Europe, let alone to U.S. interests outside Europe. We continue to benefit from having friends and allies around the world.

We do not know whether Mr. Gorbachev will succeed in solving the economic problems that threaten his program for restructuring political life within the U.S.S.R. or if he can cope with centrifugal forces that are tearing the Soviet Union apart. German reunification is well underway and the Warsaw Pact has clearly been weakened. But there is no agreed plan for the future role of Germany in a new Europe, and it is not clear that the Soviets are prepared to withdraw their forces from East Germany, at least for several years. More generally, specific force reductions in Europe are hostage to future events. There are also serious questions whether democracy can succeed in several countries of Eastern Europe.

In each of these areas, there are several possible scenarios. Some are hopeful; others could be dangerous. In each case, however, the outcome will affect both Turkey and the United States, and each country will need the other's contribution to the maintenance of international peace and security.

NATO, Turkey and the U.S.S.R.

For many years, NATO has relied on Turkey to defend a 1500 mile frontier with the Soviet Union and Bulgaria, including the Black Sea, and to guard the maritime straits that the Soviet fleet must use to move from the Black Sea to the Mediterranean. But we have never provided Turkey the means necessary to fulfill that mission. Turkey maintains the largest army in NATO, next to the United States, but much of its equipment is outmoded and no match for the opposing Soviet forces. In 1982, DOD estimated that Turkey required some $1.2 billion a year in military aid for more than ten years to modernize her Armed Forces to meet minimum NATO standards. However, we never provided aid on that scale.

At the high point, in 1984, the military assistance appropriation was $715 million. Beginning in 1987 that support dropped sharply to below $500 million per year.

Past U.S. assistance to Turkey was largely in the form of FMS loans, and Turkey will be paying the United States well over $400 million each year over the next ten years to service that debt. Last year, more than 80% of the FMS we provided Turkey moved, in effect, from one U.S. government bank account to another in order to service the FMS debt of previous years. If security assistance to Turkey this year were limited to $400 million, there would effectively be no security assistance funds for the ongoing modernization of Turkey's armed forces. The United States retains strong interests in the continued modernization of the Turkish Armed forces, and we should be prepared to make a substantial contribution to that program. Otherwise, Turkey will be forced to divert scarce foreign exchange from economic development which is vital to stability in that country.

The 7:10 ratio imposed by Congress on aid to Greece and Turkey for more than a decade has artificially raised the cost of security assistance to Turkey for no valid reason. There is no military imbalance in the region. Greece has accumulated about $1 billion in unused FMS credits, more than any other nation in the world. If any imbalance were to be redressed, it is certain that the Greek administration would have sought to use these credits as rapidly as possible. On the other hand, the Republic of Turkey, with a greater and more pressing threat and significant defense modernization shortfalls, has used its credits almost as rapidly as they have been provided to them.

Turkey has sustained a massive national defense modernization effort despite its relatively poor economic standing within the Alliance. Its per capita GDP of $1209 remains the lowest in NATO. Portugal, with the next lowest GDP at $4061, is more than three times that of Turkey. Despite this lack of economic prosperity, Turkey has met an average growth of 3% in defense spending from 1971 to 1988. During that same period, it has ranked first in the Alliance in increases to its defense spending at a rate of 187%.

By any measurement, Turkey ranks in the forefront of the Alliance in actual contributions to defense when compared with its ability to contribute. At a time of rising inflation, and competing domestic demands and requirements, the Turkish government has sustained a steady drive toward defense modernization.

A country that has made, is making, and will continue to make these sacrifices must be firmly aware of the threats posed to its security and safety from the forces that surround it. This is the case with Turkey as a member of the Alliance and as a national entity. And it seems to me that we must take into consideration the intense efforts of the Turks to provide for their security and to continue to lend them a necessary helping hand.

It would be a mistake to think that changes in the European situation eliminate the need for NATO or for a strong Turkish military presence in the NATO alliance. For one thing, NATO will have great political importance in any new European security structure. NATO will be vital to maintain strong U.S. ties to western Europe and to accommodate a reunified and powerful Germany within a stable Europe. Turkey shares the U.S. interest in a strong NATO presence in Europe, more strongly than some other U.S. allies, and is a necessary element of any future security structure that maintains a trans-Atlantic character.

Second, the United States is planning substantial reductions in our military presence in Western Europe. Thus, we will be more dependent on allies such as Turkey to carry the burden of preparedness. The United States maintains a number of important and sensitive military facilities in Turkey, and we will wish to continue to do so. It makes economic sense to rely on Turkish forces increasingly to support and protect these bases. Unlike other countries that do not fully utilize FMS funds appropriated by Congress, and accumulate enormous unused FMS credit balances, Turkey needs and rapidly spends all the security assistance the United States can provide.

Third, force reductions on NATO's central front will not reduce the strength of Soviet forces opposite Turkey. To the contrary, the Soviets may choose not to destroy tanks and other armaments removed from central Europe but to transfer them to the flanks, as replacements for less modern equipment. And it should be recognized that, whatever the outcome of a CFE treaty, the Soviet Union will continue to be the preeminent nation in Europe, and perhaps in the world, in its ability to wage either conventional or nuclear war.

In the recent past, Turkey welcomed the positive changes in the Soviet Union and trade between the two countries is increasing rapidly. We hope relations between the two countries will continue to improve. But the basic facts of geography do not change. There is a long history of Russian ambitions in Asia Minor and an equally lengthy history of Russian incursions into Turkey. Peace has a better chance if Turkey is strong than if Turkey is vulnerable.

As I have noted, Turkey guards the strategic straits of the Bosphorus and the Dardanelles, which together with the Sea of Marmara, provide the Soviet Union's only access to the Mediterranean Sea. As the Soviets maintain formidable sea power in the Black Sea, these straits are of great military significance in blocking Soviet access to the Mediterranean, and from a purely economic standpoint, these straits are no less significant to the U.S.S.R.: two thirds of Soviet global trade must pass through these waters.

The Warsaw Pact countries are changing their internal structures and their foreign policies, but the Soviet Union remains a formidable power. If the political situation within the U.S.S.R. should change for the worse, Turkey could become a major focus for any renewed tensions that may arise between the Soviet Union and the West.

Turkey and its Neighbors

Wholly apart from its NATO connection, Turkey is an important country. With a population expected to reach 68 million by the end of the century, Turkey is one of the most populous countries in Europe and one of the fastest growing commercial markets. Since 1980, Turkey has been engaged in a program of rapid modernization and expansion of its economy. Turkish exports have multiplied many times, from $2.2 billion in 1979 to $11.6 billion in 1988. U.S.-Turkish trade volume has increased from $720 million in 1980 to $3.4 billion in 1989.

Even from a strategic point of view, Turkey's future importance will grow outside the NATO context. It has often been noted that Turkey lives in a tough neighborhood; that neighborhood is rapidly becoming more unstable, complex and dangerous. One cannot safely predict which sovereign states will border Turkey in the 21st century. The decline of the Ottoman Empire and the rise of competing nationalisms in the region was a major focus of international diplomacy and conflict for the better part of a century through World War I. Many of these same forces are reemerging with vigor as the Warsaw Pact dissolves and the Kremlin relaxes the tight controls on political activity within the Republics of the U.S.S.R.

Ethnic violence is on the rise from Yugoslavia to central Asia, and there is potential for inter-state conflict among the emerging republics of Eastern Europe and the Soviet Union. 42 million Turkish speaking peoples live in the Asian republics of the Soviet Union, several of which border Turkey directly. Turkey already has problems with Bulgaria, which has just installed a new Communist government -- one that is incidentally identified with repression of the Turkish minority in that country.

There is a strong movement towards independence in Soviet Armenia, and the Armenian parliament has already questioned the 1921 treaty which establishes the border between the Republic of Turkey and the U.S.S.R. Turkey is working hard to avoid being drawn into these ethnic conflicts, and we should support that policy by maintaining our close friendship with the Turks.

The Middle East

Finally, and most importantly, one cannot discuss the U.S. security relationship with Turkey without considering the Middle East. Looking to the south and eastward, Turkey has an 800 mile border with Syria, and over 600 miles with Iraq and Iran. These are difficult neighbors. All three countries are aggressive, and each has powerful military forces that threaten the security of all U.S. friends in the region, including Israel, the moderate Arab states and Turkey. At times, each has supported elements that would like to destabilize Turkey and to separate it from the West. The PKK, a terrorist force that targets Turkey's southeastern provinces, primarily operates by staging cross-border raids from bases in Syria, Iraq and Iran.

Syria, Iraq and Iran each have a potent military establishment stronger in key armaments than the Republic of Turkey. Syria, for instance, has over 4,000 modern tanks compared with under 3,000, less powerful tanks in the Turkish inventory. While Turkey has 600,000 men in its armed forces, Iraq alone has a million men under arms. Some of these countries have chemical weapons, and they are all seeking to acquire ballistic missiles of increased range with which to threaten their neighbors. According to the most recent open source estimates, missiles from Iran, Iraq and Syria can currently cover from one-half to two-thirds of Turkish territory. Iraq continues to pursue the nuclear option, and Saddam Hussein's threats should not be taken lightly. He has demonstrated the will to launch his country into a bloody war of conquest against Iran and to use chemical weapons. It should be noted that in contrast, Turkey does not possess surface-to-surface missiles, a chemical warfare capability or any nuclear pretensions.

In this difficult environment, the Republic of Turkey stands out as a secular democracy, stable and loyal in its friendship with the United States and NATO. Turkey is working hard to modernize its free-market economy and to further strengthen its young, democratic institutions. A confident Turkey, economically strong and militarily secure, is a significant, constructive and stabilizing presence in a turbulent region. A weak Turkey rejected by the west could present new problems of serious concern to the United States.

To recapitulate the key points:

- Military aid for Turkey is no give-away program, nor is it charity. It is a direct defense investment of great mutual benefit and one of the best forms of defense spending for the United States.
- Recent security benefits enjoyed by NATO, resulting from Soviet willingness to reduce its capabilities opposite the Central Region, do not eliminate the need to defend Europe.
- And, in any event, security benefits are not evenly distributed among the NATO allies.
- While NATO's Central Region nations abut the Warsaw Pact's emerging democracies, Turkey borders on the Soviet Union and Bulgaria.
- The Soviets will retain formidable military power opposite Turkey, its long-time adversary.
- Bulgaria is one of only two Warsaw Pact countries to reconstitute a Communist regime, that may seek to continue anti-ethnic Turkish policies.
- Potential adversaries to the south and southeast of Turkey possess modern and highly sophisticated weapons systems, and have shown a will to use them.
- Unlike Turkey, these countries will not be bound by CFE

treaty limitations. They demonstrate increasing belligerency and policies inimicable to the democracies of the Middle East region.

Turkey wants to be a part of the western world, to join the European Community, to develop its institutions, and, more than many allies, to share the burdens of national defense. These are Turkish objectives derived from the vision of Kemal Ataturk.

These policies were made in Ankara, but they should be supported in Washington.

STATEMENT OF BYRON SWIFT, FOR THE INTERNATIONAL UNION FOR CONSERVATION OF NATURE AND NATURAL RESOURCES

I would like to submit the following testimony on behalf of IUCN - The World Conservation Union. In an attachment I have described the structure and programs of IUCN which we urge be strengthened by a voluntary contribution by the United States.

We feel that the best scientific data show that a fundamental realignment of foreign assistance is required towards an environmental and sustainable development agenda. In a lead article of last year, The Economist stated "What defence has been to the world's leaders for the past 40 years, the environment will be for the next 40...". We believe this to be true, and that a scale of effort similar to what the nations of the world have paid to military security will be necessary to achieve the planet's environmental security.

We understand that painful choices must be made but we feel that significant funding initiatives must be given to such pressing environmental problems as toxic pollution, the conservation of biological diversity, the proper management and conservation of tropical forests as well as actions to counter global climate change and ozone depletion. Each of these issues has the capacity to overwhelm one of the Earth's life support systems. Collectively, the threat they pose to human welfare may be the greatest that humankind has ever faced.

In many instances, multilateral lending project are too big and too poorly monitored to contribute effectively to sustainable development. We applaud recent improvements in project design and policy in these institutions, but continued improvements in project selection and adequate project monitoring and control must be implemented also.

Although it is an unpleasant one, the best analogy I can find to the global environmental crisis is that the Earth has AIDS. Many life support systems are being fundamentally corroded in similar ways as this disease. And we are simply not allocating adequate resources to slow the disease or to find a cure.

Biological diversity

One cure we must implement is to increase funding for the conservation of protected areas, the primary means for conserving the natural habitat upon which biological diversity depends. IUCN estimates that at least $500 million per year is required in additional funding to support the conservation of protected areas globally. Monies are especially needed to increase local involvement through measures such as education, participation in decisions and complementary development schemes. We believe that new and sensitive approaches toward funding protected area conservation should be established to run along side the funding mechanisms already in place.

One such method which integrates non-government organizations and government assistance is the proposed Fund for Preventing Biological Destruction. This would implement a unique funding arrangement which integrates the efforts and capabilities of government organizations and NGOs both in the Fund itself and in the recipient countries where Fund resources would be spent. (See annex).

Tropical Forests

We believe that significant investments in the billions of dollars together with policy changes will be needed to provide adequate management and conservation of tropical forests. These are an important factor in preventing global warming and contain over half the world's living species. We believe that the Tropical Forestry Action Plan is a useful vehicle for coordinating donor responses to this issue, though we recommend fundamental reforms in the process if it is to perform adequately. Specifically, we recommend that:

- TFAP should develop National Forestry planning capabilities, and not duplicate them;
- TFAP must place more emphasis on the vital role of sustainably managed natural forest in the conservation of biological diversity and ecological process and make more assistance available for natural forest management;
- The TFAP process should facilitate the participation of all organizations with specialized technical competence, and TFAP mission leaders should do more to encourage national governments to be more responsive to local non-government organizations.

We believe the past record has shown that excessive investment in industrial forestry, mostly with poor results, has diverted resources in the traditional conservation work of forest apartments in many developing countries.

Sustainable Agriculture, Energy and Pollution

We believe that even more substantial resources will need to be invested in issues such as sustainable agriculture, sound energy policies and the prevention of toxic and other forms of pollution that especially threaten urban lifestyles as well as global climatic systems. We urge the Committee to us existing institutions to carry out these goals, but to not be afraid to create appropriate new mechanisms when the need is clear.

In closing, I would again like to underline the seriousness of the issues that now face us. Many, many civilizations in the past have collapsed because they have outstripped their natural resource base. Ours is the first global civilization, and the consequences of such a failure to adequately manage the natural resources upon which all life depends is difficult to imagine. Certainly it would mean an impoverished Earth, capable of sustaining far fewer people than if we adequately planned and monitored a sustainable development program which recognizes the new priorities and challenges.

Proposed

Fund for Preventing Biological Destruction

The problems of the global loss of biological diversity and associated natural resources have a profound impact on the future well being of American society and the world. Wild genetic resources are used to improve or establish domestic crops (a contribution valued as billions of dollars per year) and are equally important as a source of new medicines.

Because biological diversity is concentrated in the tropics, poorer countries are the custodians of much of the biological heritage of the earth. International funding assistance is needed if we are to conserve these biological resources.

A Fund For Preventing Biological Destruction of $15 million is proposed to be established as a separate account at the Inter-American Development Bank. The structure of this fund would be a unique combination of Bank and non-governmental organizations (NGOs). Similar collaborative relationships would be developed between government agencies and NGOs within the region to determine the priority projects to be submitted to the Fund.

We believe an initial focus on Latin American is justified because the region contains almost 40% of the Earth's biological diversity, and five of the twelve "megadiversity" countries - Brazil, Colombia, Ecuador, Mexico and Peru. In addition, there is active participation of both public and private sectors in protected areas management.

The fund would provide grant support to projects designed to conserve biological diversity, especially in protected areas, which are recognized as the primary means for conserving the natural areas on which most species depend. Projects would support areas of international importance, and would strengthen their management and infrastructure in a way which integrates local support and involvement through education, participation in decision making and in complementary development schemes adjacent to the areas.

Disbursements from this fund would be made by a committee constituting the Bank, IUCN and three leading U.S. NGO's with extensive experience in the region, such as Conservation International, The Nature Conservancy, or World Wildlife Fund. Because the fund would be outside of normal Bank project management procedures, it would operate with a minimum of overhead and could disburse funds rapidly and effectively for many individual projects.

We view this fund as the first step in creating an international fund with participation by other countries and the private sector in a major new initiative to prevent the loss of biological diversity.

We believe an international fund of the above nature is an important new element of a strategy to conserve protected areas because it takes advantage of the ability of non-government organizations to program funds quickly and responsibly. It should complement U.S. bilateral and other major donor efforts by establishing a system which can meet emergencies, program small amounts with great accuracy and flexibility, and fully utilize and build the capabilities of NGO's in this field.

In addition, the proposed mechanism takes advantage of the good relations between the IDB and the countries in the region, and establishes a unique mechanism for this Bank to work with NGO's which we hope will extend to other areas of Bank operations.

The fund would operate in response to requests made by non-governmental institutions and Latin American and Caribbean protected areas management authorities. An in-country collaborative network involving both public and private sectors would be promoted to establish a broad consensus on the priority needs and the best method for their support.

Supervision and reporting on project expenses would be required of each proposing institution, and this consideration would be a major factor in allocating grant awards. Grant management reimbursement would be allowed depending on the institutions' ability to pay for such management from other sources.

In closing, I would like to stress the urgency of the situation in many parts of Latin American. There area only two or three years left to establish the needed support for areas in some key ecosystems, such as the Eastern slope of the Andes. We will also press for other donor country participation in this fund, as the benefits of conserving biological diversity are truly global in nature, and we believe an international effort is an appropriate way to develop a funding response.

We urge the Committee to implement such a fund through an earmarked appropriation, which will establish U.S. leadership and develop an effective new mechanism to allocate scarce funds to an urgent environmental issue.

THE CONSERVATION PROGRAM OF IUCN - THE WORLD CONSERVATION UNION

The sum of $1,250,000 is requested in support of IUCN, the International Union for Conservation of Nature and Natural Resources, for program support in the areas described below. The total represents about 5% of IUCN's total budget, which is estimated to be $25 million next year, and is roughly equivalent to the program funding provided IUCN by several other nations.

IUCN is the global alliance of governmental and non-government groups working on environmental conservation, currently with 62 State members and over 400 non-governmental organization members. In a recent action taken by the State Department, the United States government has decided to join IUCN, to take effect this year.

As you know, IUCN plays a key role in international efforts to achieve the sustainable management of natural resources in a way which fosters growth while achieving environmental conservation. We believe that IUCN provides the U.S. government a cost-effective way to multiply its own efforts internationally, through counterpart funding and by building partnerships through an effective global network.

The proposed initiatives will significantly strengthen IUCN's capacity to carry out conservation efforts around the world;

Strengthening Region-based Conservation Programs	$250,000
Strengthening International Commission System	250,000
Developing Environmental Policy	250,000
Tropical Forest Program	200,000
Wetlands Program	200,000
Identification of critical ecosystems	100,000
Total	1,250,000

The first three of these initiatives strengthen core areas of IUCN, such as policy development, outreach and the strengthening of local conservation initiatives, consistent with the emphasis often placed on foreign aid by the United States. The remainder strengthen IUCN's ability to develop and implement needed policy initiatives and conservation programs for high priority ecosystems.

Tropical forests and wetlands are chosen as program priorities because of their importance to both development and conservation goals. IUCN estimates 37 developing countries depend heavily on wetland resources for their development needs, and over 60 countries on their forest resources. The management and conservation of these ecosystems is therefore a particularly acute imperative, and the funding proposed a significant contribution.

Region-based conservation programs. IUCN's regionally-based conservation efforts are designed to bridge gaps between institutions in developing nations and their counterparts abroad. IUCN's membership is based as much in developing counties as in the more developed northern countries, and IUCN is uniquely positioned to develop collaborative efforts in conservation on a regional basis. Regional outreach programs will be implemented through IUCN regional and national offices in Asia, Africa, and the Americas.

Specialist Commissions. IUCN Commissions include over 2,500 leading scientists around the world which convene working groups to address particular environmental problems. This volunteer network greatly leverages any funding input, as demonstrated by the Species Survival Commission, where about $600,000 of general funds generates approximately $16 million worth of priority projects, publications and other outputs.

United States citizens play many prominent roles within IUCN's Commissions, and Dr. George Rabb of the Chicago Zoological Society is Chairman of the highly-regarded Species Survival Commission. The work of this Commission is closely linked with the U.S. efforts of the American Association of Zoological Parks and Aquaria.

Development of environmental policy. Environmental policy development is the traditional strength of IUCN; recent initiatives include work in the field of economics and biological diversity, formulation of a new World Conservation Strategy (with U.N.E.P. and World Wildlife Fund), the development of strategies for the conservation of biological diversity, and development of National Conservation Strategies in over 20 countries.

Tropical Forests Program. The IUCN Tropical Forest Program focuses on the conservation of key sites, species and ecological processes, and on promoting the sustainable use of forest resources. An appropriation of $200,000 is sought to strengthen the program and especially to develop an integrated set of projects demonstrating extractive economies and natural forest management in South America.

Wetlands Program. Wetlands, as well as tropical forests, form a key ecosystem which must be properly managed for countries to approach a sustainable development path. IUCN has identified over 20 developing countries which rely heavily on wetland resources for their economic development. The IUCN Wetlands Program assists developing countries formulate and implement programs to conserve wetlands of priority importance. Technical assistance and institution-building are key aspects of the program.

Conservation of Critical Sites for Biological Diversity. Support is needed to further develop a global effort to identify and conserve critical sites of importance for biological diversity. Priorities include the identification of the key parks and establishing country-based centers designed to gather and use conservation data.

MEMBERSHIP LIST

January 1990

Notes

1. (a) Members listed by country
(English alphabetical order; combined English, French, and Spanish texts)

Category A	
States	ST
Government agencies	GA
Category B	NG
National non-governmental organizations	
International non-governmental organizations	IN
Category C (non-voting)	
Affiliates	AF

(b) Members whose rights have been suspended by the IUCN General Assembly because of their being in arrears on payment of dues are asterisked. *

2. In most cases, the names of organizations appear in the language of the country in question; as appropriate, an unofficial translation is given [in parenthesis] in English or French.

3. Government agencies named under State member listings have been designated responsibility by the State for liaison on membership matters.

4. International non - governmental organizations are listed under the countries in which they have their headquarters.

Current membership figures are:

States	62
Government agencies	107
Non-governmental organizations	
National	407
International	38
Affiliates (non-voting)	34
Total	648
Countries represented in this membership	118

In addition, IUCN has some 700 non-voting individual and organizational supporters in 65 countries.

LISTE DES MEMBRES

janvier 1990

Remarques

1. (a) Membres indiqués par pays (selon ordre alphabétique anglais; texte combiné en anglais, français et espagnol)

Catégorie A	
Etats	ST
Organismes de droit public	GA
Catégorie B	
Organisations nationales non gouvernementales	NG
Organisations internationales non gouvernementales	IN
Catégorie C (non votant)	
Affiliés	AF

(b) Les membres dont les droits ont été suspendus par l'Assemblée générale de l'UICN pour arriérés dans le paiement de leurs cotisations sont marqués d'un astérisque. *

2. Dans la plupart des cas, le nom des organisations apparait dans la langue du pays; selon le cas, une traduction officieuse est donnée [entre crochets] en francais ou en anglais.

3. Les organismes de droit public qui suivent la mention ETAT MEMBRE, sont désignés, par l'Etat, en tant que responsables de la liaison pour les affaires concernant les Etats membres.

4. Les organisations internationales non gouvernementales figurent sous le pays dans lequel se trouve leur siège central.

Actuellement, les membres de l'UICN se répartissent ainsi:

Etats	62
Organismes de droit public	107
Organisations non gouvernementales	
Nationales	407
Internationales	38
Affiliés (sans droit de vote)	34
Total	648
Tous ces membres sont répartis dans	118 pays

En outre, l'UICN regroupe 700 membres de soutien - personnes et organisations - n'ayant pas le droit de vote, dans 65 pays.

LISTA DE MIEMBROS

Enero de 1990

Notas

1. (a) Miembros listados por país:
(orden alfabético en inglés; texto combinado en inglés, francés y español)

Categoría A	
Estados	ST
Organismos gubernamentales	GA
Categoría B	
Organizaciones nacionales no gubernamentales	NG
Organizaciones internacionales no gubernamentales	IN
Categoría C	
Afiliados	AF

(b) Los miembros cuyos derechos fueron suspendidos por la Asamblea General de la UICN debido al retraso en el pago de sus cuotas llevan un asterisco. *

2. Los nombres de los miembros aparecen en la mayoría de los casos en su lengua original, con una traducción no oficial [entre corchetes] en inglés o francés.

3. Los organismos gubernamentales mencionados a continuación de los Estados Miembros, han sido designados por dichos Estados como organismo de enlace con la UICN en todo lo referente a su calidad de miembros.

4. Las organizaciones no gubernamentales internacionales aparecen listadas en el país donde tienen su sede central.

Actualmente el número de miembros de la UICN es el siguiente:

Estados	62
Organismos gubernamentales	107
Organizaciones no gubernamentales	
Nacionales	407
Internacionales	38
Afiliados (sin derecho a voto)	34
Total	648

Los miembros de la UICN están repartidos en 118 países

Por otra parte, la UICN cuenta con 700 individuos e instituciones, en 65 países, en la categoría de contribuyentes sin derecho a voto.

** ANGOLA **

NG * Departamento de Documentação e Informação, Instituto de Investigação Cientifica de Angola /Documentation and Information Department, Scientific Research Institute of Angola

** ARGENTINA/ARGENTINE **

ST Administración de Parques Nacionales, Secretaría de Agricultura y Ganadería /National Parks Administration, Agriculture and Livestock Secretariat
GA Administración de Parques Nacionales, Secretaría de Agricultura y Ganadería /National Parks Administration, Agriculture and Livestock Secretariat
GA * Instituto Argentino de Investigaciones de las Zonas Aridas Argentine Institute for Arid Zones Research
NG * Comité Argentino de Conservación de la Naturaleza Argentinian Committee for Nature Conservation
NG Fundación Vida Silvestre Argentina /Argentine Wildlife Foundation
NG * Sociedad Argentina para el Derecho y la Administración del Ambiente y de los Recursos Naturales /Argentine Society for Environmental and Natural Resources Law and Administration

** AUSTRALIA/AUSTRALIE **

ST Department of the Arts, Sport, the Environment, Tourism, and Territories
GA ACT Parks and Conservation Service, Land Management Branch
GA Australian Heritage Commission
GA Australian National Parks and Wildlife Service
GA Conservation Commission of the Northern Territory
GA Department of Conservation and Land Management, WA
GA Department of Conservation, Forests, and Lands, Victoria
GA Department of Parks, Wildlife and Heritage, Tasmania
GA Forestry Commission of New South Wales
GA Forestry Commission of Tasmania
GA Great Barrier Reef Marine Park Authority, Queensland
GA National Parks and Wildlife Service of New South Wales
GA South Australian Department of Environment and Planning
NG Association for Research, Exploration, and Environmental Aid (AREA)
NG Australian Conservation Foundation
NG Australian Council of National Trusts
NG Australian National Parks Council (ANPC)
NG * Cape York Conservation Council
NG Conservation Council of South Australia
NG Conservation Council of Western Australia
NG Environment Centre N.T., Inc.
NG Fraser Island Defenders Organization
NG Institute of Foresters of Australia
NG National Parks Association of New South Wales
NG National Trust of Australia (New South Wales)
NG Nature Conservation Council of New South Wales
NG Project Jonah Australia
NG Queensland Conservation Council
NG Royal Zoological Society of South Australia

** AUSTRALIA/AUSTRALIE ** (Cont.)

NG Wild Life Preservation Society of Australia
NG Wilderness Society
NG Wildlife Preservation Society of Queensland
NG Wildlife Survival
NG WWF - Australia

** AUSTRIA/AUTRICHE **

NG Oesterreichischer Naturschutzbund /Austrian Foundation for Nature Conservation
NG Oesterreichischer Stifterverband für Naturschutz angeschlossen dem WWF /WWF - Austria

** BAHAMAS **

NG Bahamas National Trust

** BAHRAIN/BAHREIN **

ST Al-Areen Wildlife Park and Reserve

** BANGLADESH **

ST Ministry of Agriculture, Forest Department
NG Multidisciplinary Action Research Centre (MARC)
NG * Wildlife and Nature Conservation Society of Bangladesh
NG Wildlife Society of Bangladesh

** BARBADOS/BARBADE **

IN Caribbean Conservation Association (CCA)

** BELGIUM/BELGIQUE/BELGICA **

ST Ministère de l'Education Nationale
NG * Ardenne et Gaume
NG Centre Permanent d'Education à la Conservation de la Nature
NG * Faculté des Sciences Agronomiques de l'Etat, Gembloux
NG WWF - Belgium
NG Koninklijke Maatschappij voor Dierkunde van Antwerpen Société Royale de Zoologie d'Anvers /Royal Zoological Society of Antwerp
NG Nature 2000 International
NG Université de Liège
IN Fédération des Associations de Chasseurs de la CEE

** BELIZE/BELICE **

NG Belize Audubon Society (BAS)

** BENIN **

ST * Ministère des Affaires Etrangères et de la Coopération

** BOLIVIA/BOLIVIE **

GA * Centro de Desarrollo Forestal, Departamento de Vida Silvestre, Parques Nacionales, Caza y Pesca /Forestry Develelopment Centre, Department of Wildlife, National Parks, Hunting, and Fisheries
GA * Dirección de Forestación /Directorate for Forestry
NG Centro de Datos para la Conservación (CDC) /Conservation Data Center
NG Museo Nacional de Historia Natural (MNHN) /National Museum of Natural History

** BOTSWANA **

NG Kalahari Conservation Society

** BRAZIL/BRESIL/BRASIL **

GA Companhia Energética de São Paulo (CESP) /Energy Company of São Paulo
GA * Fundação Estadual de Engenharia do Meio Ambiente, Rio de Janeiro /State Foundation for Environmental Engineering, Rio de Janeiro
GA Instituto Brasileiro de Meio Ambiente e dos Recursos Naturais Renováveis (IBRAMA) /Brazilian Institute of the Environment and Renewable Natural Resources
GA Secretária do Meio Ambiente, São Paulo (SMA) /Secretariat for the Environment, São Paulo
NG Associação Brasileira de Caça e Conservação (ABC) Brazilian Hunting and Conservation Association
NG Associação Brasileira de Ecologia /Brazilian Association of Ecology
NG Associação de Defesa do Meio Ambiente (ADEMA) /Association for Environmental Defence
NG Associação dos Pescadores com Isca Artificial (APIA) Brazilian Game Fishing Association
NG Fundação Brasileira para a Conservação da Natureza (FBCN) Brazilian Foundation for Conservation of Nature
NG Fundação Pró-Natureza /Foundation for Nature
NG Sociedade Brasileira de Paisagismo /Brazilian Landscape Association
NG Sociedade de Defesa do Pantanal (SODEPAN) /Society for the Defence of the Pantanal

** BRUNEI DARUSSALAM **

GA Muzium Brunei, Ministry of Culture, Youth and Sport /Brunei Museum

** BULGARIA/BULGARIE **

GA Committee on Environmental Protection at the Council of Ministers
GA * Research and Coordinaton Centre for Preservation and Restoration of the Environment

** CAMEROON/CAMEROUN/CAMERUN **

ST Secrétariat d'Etat au Tourisme

** CANADA **

ST Canadian Parks Service, Environment Canada
GA Canadian Wildlife Service, Environment Canada
GA * Department of Natural Resources, Manitoba
GA Department of Renewable Resources, Government of the Northwest Territories
GA Ministry of Natural Resources, Ontario
GA Ministère de l'Environnement du Québec
NG Banff Centre for Management, Resource Management
NG Calgary Zoological Society
NG Canadian Nature Federation (CNF)
NG Canadian Wildlife Federation
NG * Conseil Québécois de l'Environnement
NG Ducks Unlimited Canada
NG Federation of Ontario Naturalists (FON)
NG Inuit Tapirisat of Canada
NG * Les Cercles des Jeunes Naturalistes
NG Metropolitan Toronto Zoological Society
NG Ontario Federation of Anglers and Hunters (OFAH)
NG School for Resources and Environmental Studies, Dalhousie University (SRES)
NG * Société Zoologique de Québec
NG Union québécoise pour la conservation de la nature
NG University of Guelph, Arboretum
NG Wood Bison Re-Establishment Foundation
NG WWF - Canada
IN Conseil international d'éducation mésologique des pays de langue française
IN Inuit Circumpolar Conference (ICC)
AF National Museum of Natural Sciences

** CHAD/TCHAD **

ST * Ministère du Tourisme, Artisanat, Eaux-Forêts et Chasses

** CHILE/CHILI **

GA Corporación Nacional Forestal y de Protección de Recursos Naturales Renovables (CONAF) /National Corporation for Forestry and the Protection of Renewable Natural Resources
NG Comité Nacional pro Defensa de la Fauna y Flora (CODEFF) National Committee for the Defence of Fauna and Flora
NG * Instituto de Ecología de Chile /Chilean Institute of Ecology
NG * Sociedad de Vida Silvestre de Chile /Wildlife Society of Chile

** CHINA/CHINE **

NG China Wildlife Conservation Association
NG Chinese Society for Environmental Sciences
NG Commission for Integrated Survey of Natural Resources, (CISNAR), Chinese Academy of Sciences (CAS)
AF Institute of Botany, Academia Sinica

** COLOMBIA/COLOMBIE**

GA Instituto Nacional de los Recursos Naturales Renovables y del Ambiente, Ministerio de Agricultura (INDERENA) National Institute of Renewable Natural Resources and the Environment, Ministry of Agriculture
NG Fundación Natura (FN) /Natura Foundation
NG Fundación para un Mejor Ambiente (FMA) /Foundation for a Better Environment
NG Fundación Pro-Sierra Nevada de Santa Marta /Foundation for the Sierra Nevada of Santa Marta
NG Fundación Puerto Rastrojo (FBPR) /Puerto Rastrojo Foundation
NG * Instituto de Ciencias Naturales, Museo de Historia Natural, Universidad Nacional de Colombia /Institute of Natural Sciences, Natural History Museum, National University of Colombia
NG * Instituto de Investigaciones Ecológicas y Energéticas Ecology and Energy Research Institute
NG Sociedad Colombiana de Ecología /Colombian Society of Ecology
AF Fundación Merenberg para la Protección de la Flora y la Fauna Andina /Merenberg Foundation for the Protection of Flora and Fauna of the Andes

** COSTA RICA **

ST Ministerio de Recursos Naturales, Energía y Minas /Ministry of Natural Resources, Energy, and Mines
NG * Asociación Costarricense para la Conservación de la Naturaleza /Costa Rican Association for the Conservation of Nature
NG Asociación Demográfica Costarricense /Costa Rican Demographic Association

** COSTA RICA ** (Cont.)

NG * Centro Regional de Guanacaste, Universidad de Costa Rica Regional Centre of Guanacaste, University of Costa Rica
NG Fundación de Parques Nacionales /National Parks Foundation
NG Voluntarios en Recuperación y Defensa Ecológica (VERDE) Volunteers for Ecological Recovery and Defence
IN Centro Agronómico Tropical de Investigación y Enseñanza (CATIE) /Tropical Agricultural Research and Training Center
IN Consejo Superior Universitario Centroamericano, Confederación Universitaria Centroamericana (CSUCA) /Higher University Council of Central America, Federation of Universities of Central America
IN * Instituto Interamericano de Cooperación para la Agricultura /Inter-American Institute for Co-operation on Agriculture

** CÔTE D'IVOIRE **

ST * Ministère de la Protection de la Nature et de l'Environnement

** CZECHOSLOVAKIA/TCHECOSLOVAQUIE/CHECOSLOVAQUIA**

AF Správa Krkonosského národniho parku /Krkonose National Park Administration
AF Státni ústav památkové péce a ochrany prirody /State Institute for Protection of Monuments and Conservation of Nature
AF Ustredie státnej ochrany prirody /Central Office for State Nature Conservation

** DEMOCRATIC KAMPUCHEA/KAMPUCHEA DEMOCRATIQUE/KAMPUCHEA DEMOCRATICA **

ST * Ministère des Affaires Etrangères

** DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA/REPUBLIQUE POPULAIRE DEMOCRATIQUE DE COREE/REPUBLICA POPULAR DEMOCRATICA DE COREA **

NG Natural Conservation Union of the Democratic People's Republic of Korea

** DENMARK/DANEMARK/DINAMARCA **

ST Ministry of the Environment, National Forest and Nature Agency
GA Landbrugsministeriets Vildtforvaltning /Wildlife Administration, Ministry of Agriculture
GA Naturfredningsraadet /Nature Preservation Council
NG Biologforbundet /Biologists' Foundation
NG Danmarks Naturfredningsforening /Danish Society for Nature Conservation

** DENMARK/DANEMARK/DINAMARCA **

NG   Dansk Ornitologisk Forening (DOF) /Danish Ornithological Society

NG   Foreningen til Dyrenes Beskyttelse i Danmark /Danish Animal Welfare Society

NG   Friluftsraadet /Open Air Pursuits Council

NG   Verdensnaturfonden /WWF - Denmark

NG   Zoologisk Have /Zoological Gardens of Copenhagen

IN   World Assembly of Youth (WAY)

** DOMINICAN REPUBLIC/REPUBLIQUE DOMINICAINE/REPUBLICA DOMINICANA **

GA   Dirección Nacional de Parques /National Parks Directorate

NG * Centro de Investigaciones de Biología Marina, Universidad Autónoma de Santo Domingo /Marine Biology Research Centre, Autonomous University of Santo Domingo

NG   Fundación para el Mejoramiento Humano - PROGRESSIO Foundation for Human Improvement

** ECUADOR/EQUATEUR **

ST   Ministerio de Relaciones Exteriores /Ministry for Foreign Affairs

NG   Fundación Charles Darwin para las Islas Galápagos (CDF) Charles Darwin Foundation for the Galapagos Isles

NG   Fundación Natura /Natura Foundation

** EGYPT/EGYPTE/EGIPTO **

ST   Academy of Scientific Research and Technology

** EL SALVADOR **

GA * Instituto Salvadoreño de Turismo, Departamento de Turicentros y Parques Nacionales /Salvadoran Institute of Tourism, Department of Tourist Centres and National Parks

NG   Grupo Ecológico de Docentes de Ciencias de El Salvador "Montecristo" (GEDMO) /Ecology Group of Science Teachers of El Salvador "Montecristo"

** ETHIOPIA/ETHIOPIE/ETIOPIA **

ST   Wildlife Conservation Organization

** FIJI/FIDJI **

NG   National Trust for Fiji

** FINLAND/FINLANDE/FINLANDIA **

ST	Ministry of the Environment, International Affairs Division
NG	Natur och Miljo /Nature and Environment
NG	Suomen Luonnonsuojeluliitto /Finnish Association for Nature Conservation
NG	WWF - Finland

** FRANCE/FRANCIA **

ST	Ministère des Affaires étrangères
GA	Institut français de recherche scientifique pour le développement en coopération - ORSTOM
GA	Office Nationale de la Chasse
NG	Association Française du Fonds Mondial pour la Nature WWF - France
NG	Association pour la Sauvegarde de la Nature Néo-Calédonienne, Nouvelle-Calédonie
NG	Centre International d'Art et Culture
NG	Club Alpin Français
NG	Comité de Resistance à la Destruction de l'Environnement Martiniquais, Martinique
NG *	Fédération Française des Sociétés de Sciences Naturelles
NG	Fondation Internationale pour la Sauvegarde du Gibier
NG	France Nature Environnement - FFSPN
NG *	Ia Ora Te Natura, Tahiti /Association pour la Protection de la Nature en Polynésie française
NG	Muséum National d'Histoire Naturelle
NG	Office pour l'information eco-entomologique
NG	Société française pour le droit de l'environnement
NG	Société Nationale de Protection de la Nature
NG	Société Réunionnaise pour l'Etude et la Protection de l'Environnement, Ile de la Réunion
IN	Confédération Mondiale des Activités Subaquatiques
AF	Union Polynésienne pour la Sauvegarde de la Nature - Te Rauatiati a Tau a Hiti Noa Tu /Que la nature soit sauvegardée à tout jamais, Polynésie française

** GERMAN DEMOCRATIC REPUBLIC/REPUBLIQUE DEMOCRATIQUE ALLEMANDE/REPUBLICA DEMOCRATICA ALEMANA **

GA *	Institut für Landesforschung und Naturschutz Halle (Saale), Akademie der Landwirtschaftswissenschaften /Institute for Landscape Research and Nature Conservancy, Halle (Saale), Academy of Agricultural Sciences
NG	Kulturbund der Deutschen Demokratischen Republik /Culture Federation of the German Democratic Republic

** GERMANY, FEDERAL REPUBLIC OF/ALLEMAGNE, REPUBLIQUE FEDERALE D'/ALEMANIA, REPUBLICA FEDERAL DE **

ST	Bundesministerium für Umwelt, Naturschutz, und Reaktorsicherheit /Federal Ministry for Environment, Nature Conservation and Nuclear Safety

** GERMANY, FEDERAL REPUBLIC OF/ALLEMAGNE, REPUBLIQUE FEDERALE D'/ALEMANIA, REPUBLICA FEDERAL DE ** (Cont.)

GA Bundesforschungsanstalt für Naturschütz und Landschaftsökologie /Federal Research Centre for Nature Conservation and Landscape Ecology
NG Brehm Fonds für Internationalen Vogelschutz /Brehm Fund for the International Conservation of Birds
NG Bund für Umwelt und Naturschutz Deutschland /Environment and Nature Conservation Foundation
NG Bund Naturschutz in Bayern /Bavarian Foundation for Nature Conservation
NG * Deutsche Gesellschaft für Säugetierkunde /German Society of Mammalogy
NG Deutscher Bund für Vogelschutz (DBV) /German Federation for Bird Preservation
NG Deutscher Heimatbund /German Heritage Foundation
NG Deutscher Jagdschutz-Verband /German Hunting Association
NG Deutscher Naturschutzring Bundesverband für Umweltschutz (DNR) /German Association for the Conservation of Nature
NG Schutzgemeinschaft Deutscher Wald Bundesverband /German Association for Protection of Forests and Woodland
NG Schutzgemeinschaft Deutsches Wild /German Game Protection Association
NG Umweltstiftung WWF - Deutschland /WWF - Germany
NG Verband Deutscher Sportfischer /German Fishermen's Association
NG Vereinigung Deutscher Gewässerschutz (VDG) /German Water Protection Association
NG Zoologische Gesellschaft Frankfurt von 1858 /Frankfurt Zoological Society of 1858
IN Föderation der Natur-und Nationalparke Europas /Federation of Nature and National Parks of Europe
IN International Council of Environmental Law
IN Organization for the Phyto-Taxonomic Investigation of the Mediterranean Area (OPTIMA)
IN Societas Europaea Herpetologica (SEH)

** GHANA **

GA * Department of Game and Wildlife
NG Soga Co-operative Multipurpose Society

** GREECE/GRECE/GRECIA **

ST Ministry of Environment, Physical Planning, and Public Works, Directorate of Environment
NG Elliniki Etaireia /Hellenic Society for the Protection of the Environment and the Cultural Heritage
NG Hellenic Society for the Protection of Nature
NG Panellhnio Kentro Oikologikon Ereynon (PAKOE) /Panhellenic Center of Environmental Studies

** GUATEMALA **

GA Comisión Nacional del Medio Ambiente, Presidencia de la República (CONAMA) /National Commission of Environment, Presidency of the Republic
NG Asociación "Amigos del Bosque" /"Friends of the Forest" Association
NG * Asociación Guatemalteca de Historia Natural /Natural History Association of Guatemala

** HONDURAS **

NG Asociación Hondureña de Ecología para la Conservación de la Naturaleza (AHE) /Honduran Association of Ecology for Conservation of Nature

** HUNGARY/HONGRIE/HUNGRIA **

GA Ministry for Environment and Water Management

** ICELAND/ISLANDE/ISLANDIA **

ST Ministry of Culture and Education
NG * Icelandic Association of Nature Conservation Societies

** INDIA/INDE **

ST Department of Environment, Forests, and Wildlife, Ministry of Environment and Forests
GA Indian Board for Wildlife, Department of Environment, Forests, and Wildlife
GA Wildlife Institute of India (WII)
NG Academy of Environmental Sciences (AES)
NG Bombay Natural History Society
NG Development Alternatives
NG Himalayan Natural History Society
NG Indian Academy for Environmental Law, Conservation, and Research
NG Indian National Trust for Art and Cultural Heritage (INTACH)
NG Indian Society for Himalayan Studies (ISHS)
NG International Society of Naturalists (INSONA)
NG WWF - India
AF Environmental Planning and Co-ordination Organization

** INDONESIA/INDONESIE **

GA Directorate General of Forest Protection and Nature Conservation, Ministry of Forestry
NG Wahana Lingkungan Hidup Indonesia (WAHLI) /Indonesian Environmental Forum
NG Yayasan Sumber Budidaya Alam /Borneo Institute of Technology (BIT)

** IRAN, ISLAMIC REPUBLIC OF/IRAN, REPUBLIQUE ISLAMIQUE D'/IRAN, REPUBLICA ISLAMICA DEL **

ST * Department of the Environment

** IRAQ **

ST * Scientific Research Council

** IRELAND/IRLANDE/IRLANDA **

GA National Parks and Monuments Service, Office of Public Works
NG An Taisce - The National Trust for Ireland

** ISRAEL **

NG "Hai-Bar" Society for the Establishment of Biblical National Wildlife Reserves in Israel
NG Society for the Protection of Nature in Israel
AF Nature Reserves Authority

** ITALY/ITALIE/ITALIA **

GA Centro di Documentazione Internazionale Parchi della Provincia di Firenze /International Park Documentation Centre, Province of Florence
GA Consiglio Nazionale delle Ricerche /Conseil National de Recherche
NG * Associazione Mediterranea per la Biologia Marina ed Oceanologia /Association méditerranéenne pour la biologie marine et l'océanologie
NG * Federazione Nazionale Pro Natura /Fédération nationale Pro Natura
NG Istituto Dipartimentale di Biologia Animale e di Genetica, Università di Catania /Institut départementale de biologie animale et génétique, Université de Catania
NG Istituto Nazionale di Biologia della Selvaggina /Institut national de biologie du gibier
NG Lega Italiana Protezione Uccelli (LIPU) /Ligue italienne pour la protection des oiseaux
NG Lega per l'Abolizione della Caccia (LAC) /Ligue pour l'abolition de la chasse
NG Rete Fenologica Italiana, Istituto di Botanica e Fisiologia Vegetale, Università di Padova /Reseau phénologique italien, Institut de botanique et de physiologie végétale, Université de Padove
IN International League for the Protection of Cetaceans
AF Ente Autonomo del Parco Nazionale d'Abruzzo /Office du Parc national des Abruzzes

** JAMAICA/JAMAIQUE **

NG Jamaica Conservation and Development Trust (JCT)

** JAPAN/JAPON **

GA Environment Agency of Japan
NG Elsa Nature Conservancy
NG Japan Center for Human Environmental Problems
NG Japan Environment Association
NG Japan Wildlife Research Center (JWRC)
NG Japanese Association of Zoological Gardens and Aquariums (JAZGA)
NG Marine Parks Center of Japan
NG National Parks Association of Japan
NG Nature Conservation Society of Japan
NG * Society of Biological Sciences Education of Japan
NG Wild Bird Society of Japan
NG WWF - Japan
AF National Committee on Nature Conservation, Science Council of Japan

** JORDAN/JORDANIE/JORDANIA **

ST Ministry of Municipal and Rural Affairs, and the Environment
NG Royal Society for the Conservation of Nature

** KENYA **

ST Ministry of Tourism and Wildlife
NG East African Wild Life Society
IN International Youth Federation for Environmental Studies and Conservation (IYF)

** KUWAIT/KOWEIT **

GA Environment Protection Council

** LAO PEOPLE'S DEMOCRATIC REPUBLIC /REPUBLIQUE DEMOCRATIQUE POPULAIRE LAO/REPUBLICA DEMOCRATICA POPULAR LAO **

ST Ministère des Affaires étrangères

** LEBANON/LIBAN/LIBANO **

NG Mahmyiat Bentaël /Parc national de Bentaël

** LIBERIA **

GA Forestry Development Authority

** LIBYAN ARAB JAMAHIRIYA/JAMAHIRIYA ARABE LIBYENNE/JAMAHIRIYA ARABE LIBIA **

ST * Ministry of Agriculture and Agrarian Reform

** LIECHTENSTEIN **

ST Landesforstamt /Office national des forêts
IN Commission internationale pour la protection des régions alpines

** LUXEMBOURG/LUXEMBURGO **

ST Direction des Eaux et Forêts
NG Ligue Luxembourgeoise pour la Protection de la Nature et de l'Environnement

** MADAGASCAR **

ST Ministère d'Etat aux Affaires Etrangères ** MALAWI **

GA Department of National Parks and Wildlife, Ministry of Forestry and Natural Resources
NG Wildlife Society of Malawi

** MALAYSIA/MALAISIE/MALASIA **

ST Department of Wildlife and National Parks, Peninsula Malaysia
GA Board of Trustees of the Sabah Parks
GA Wildlife Department, Sabah
NG * Angkatan Landscape Akitek Malaysia /Malaysian Association of Landscape Architects
NG Persatuan Pencinta Alam /Malayan Nature Society
NG WWF - Malaysia

** MALI **

ST Ministère de l'Environnement et de l'Elevage

** MALTA/MALTE **

GA Institute of Design for Environmental Action, Ministry of Education and Environment (IDEA)

** MAURITANIA/MAURITANIE **

ST * Ministère du Développement Rural

** MAURITIUS/MAURICE/MAURICIO **

ST Ministry of External Affairs and Emigration
NG Mauritius Council for Environmental Studies, Conservation, and Youth Agenda (Maucescoya)

** MEXICO/MEXIQUE **

NG * Bioconservacion /Bioconservation
NG Federación Conservacionista Mexicana (FECOMEX) /Mexican Conservationist Federation
NG Fundación Chiapaneca "Miguel Alvarez del Toro" para la Protección de la Naturaleza /"Miguel Alvarez del Toro" Foundation of Chiapas for the Protection of Nature
NG Fundación Universo Veintiuno /Twenty-One Universe Foundation
NG Instituto Mexicano de Recursos Naturales Renovables (IMERNAR) /Mexican Institute of Renewable Natural Resources
NG Monarca
NG Wildlife Society of Mexico (WSM)
AF * Universidad Autónoma de Nuevo León /Autonomous University of Nuevo León

** MONACO **

AF Centre Scientifique de Monaco

** MONGOLIA/MONGOLIE **

ST Ministry for Foreign Affairs

** MOROCCO/MAROC/MARRUECOS **

ST Ministère des Affaires étrangères

** MOZAMBIQUE **

GA Direcção Nacional de Florestas e Fauna Bravia, Ministerio da Agricultura /National Directorate for Forestry and Wildlife, Ministry of Agriculture

** NEPAL **

ST Department of National Parks and Wildlife Conservation

** NETHERLANDS/PAYS-BAS/PAISES BAJOS **

ST Directie Natuur, Milieu en Faunabeheer, Ministerie van Landbouw en Visserij /Directorate for Nature Conservation, Environmental Protection, and Wildlife Management, Ministry of Agriculture and Fisheries
NG Koninklijk Zoologisch Genootschap, Natura Artis Magistra Royal Zoological Society
NG Koninklijke Nederlandse Natuurhistorische Vereniging (KNNV) /Royal Dutch Natural History Society
NG Koninklijke Nederlandse Toeristenbond (ANWB) /Royal Dutch Touring Club

** NETHERLANDS/PAYS-BAS/PAISES BAJOS ** (Cont.)

NG	Landelijke Vereniging tot Behoud van de Waddenzee /National Society for the Preservation of the Waddensea
NG	Nederlandse Vereniging tot Bescherming van Vogels /Dutch Society for the Protection of Birds
NG	Nederlandse Vereniging van Dierentuinen, Natura Artis Magistra /Dutch Society of Zoological Gardens
NG	Stichting Het Wereld Natuur Fonds, Nederland /WWF - Netherlands
NG	Stichting Koniklijke Rotterdamse Diergaarde /Royal Rotterdam Zoological and Botanical Gardens
NG	Stichting Milieu-Educatie /Foundation for Environmental Education
NG	Stichting Nationale Parken Nederlandse Antillen (STINAPA) National Parks Foundation of the Netherlands Antilles
NG	Stichting Natuur en Milieu /Nature and Environment Foundation
NG	Stichting Reservaten Przewalski paard - Nederland Przewalski Horse Reserves Foundation
NG	Stichting tot Internationale Natuurbescherming /Netherlands Foundation for International Nature Protection
NG	Universiteit van Amsterdam /University of Amsterdam
NG	Verenigning tot Behoud van Natuurmonumenten in Nederland Dutch Society for the Preservation of Nature Monuments
IN	Greenpeace International
AF	Centrum voor Milieukunde, Rijksuniversiteit Leiden /Centre for Environmental Studies, University of Leiden
AF	Natuurbeschermingsraad /Nature Conservation Council

** NEW ZEALAND/NOUVELLE-ZELANDE/NUEVA ZELANDIA **

ST	Department of Conservation
GA	Department of Scientific and Industrial Research (DSIR)
GA	Ministry for the Environment
GA	National Parks and Reserves Authority
NG	Centre for Resource Management, Lincoln College, University of Canterbury
NG	Environment and Conservation Organisations of New Zealand (ECO)
NG	Royal Forest and Bird Protection Society of New Zealand
NG	WWF - New Zealand

** NICARAGUA **

ST	
GA	Dirección General de Recursos Naturales (DIRENA) /General Directorate for Natural Resources
NG	Asociación de Biólogos y Ecólogos de Nicaragua (ABEN) Association of Biologists and Ecologists of Nicaragua

** NIGER **

ST	Ministère des Affaires Etrangères et de la Coopération

** NIGERIA **

GA * Federal Department of Forestry and Agricultural Land Resources, Federal Ministry of Agriculture, Water Resources, and Rural Development
GA * Wildlife Unit, Foresty Division, Ministry of Natural Resources, Borno State
NG Nigerian Conservation Foundation

** NORWAY/NORVEGE/NORUEGA **

ST Royal Ministry of Environment
GA Direktoratet for naturforvaltning (DN) /Directorate for Nature Management
NG Institutt for Naturanalyse (INA) /Institute for Environmental Analysis
NG Institutt for naturforvaltning, Norges landbrukshogskole Department of Nature Conservation, Agricultural University of Norway
NG Norges Naturvernforbund /Norwegian Society for Conservation of Nature
NG WWF i Norge /WWF - Norway
AF Norsk senter for internasjonal landbruksutvikling Norwegian Centre for International Agricultural Development, Agricultural University of Norway

** OMAN **

ST Ministry of Environment and Water Resources

** PAKISTAN **

ST National Council for Conservation of Wildlife in Pakistan, Ministry of Food, Agriculture, and Co-operatives
GA Pakistan Space and Upper Atmosphere Research Commission (SUPARCO)
GA Sind Wildlife Management Board
NG Scientific and Cultural Society of Pakistan
NG Teachers' Resource Centre (TRC)
NG WWF - Pakistan

** PANAMA **

GA Instituto Nacional de Recursos Naturales Renovables, Ministerio de Desarrollo Agropecuario (INRENARE) /National Institute for Renewable Natural Resources, Ministry of Agricultural Development
NG Asociación Nacional para la Conservación de la Naturaleza (ANCON) /National Association for Conservation of Nature
NG Asociación para la Investigación y Propagación de Especies Panameñas (AIPEP) /Association for the Investigation and Propagation of Panamenian Species
NG Fundación de Parques Nacionales y Medio Ambiente (PA.NA.M.A.) /National Parks and Environment Foundation

** PANAMA ** (Cont.)

NG Proyecto de Estudio para el Manejo de Areas Silvestres de Kuna Yala de la Asociación de Empleados Kuna Yala (PEMASKY) /Study Project on Management of the Wildlands of Kuna Yala of the Association of Kuna Employees

** PERU/PEROU **

GA Dirección General Forestal y de Fauna (DGFF) /General Directorate of Forestry and Fauna
NG Asociación de Ecología y Conservación (ECCO) /Ecology and Conservation Association
NG Centro de Datos para la Conservación, Universidad Nacional Agraria (CDC) /Conservation Data Centre, National Agrarian University
NG Fundación Peruana para la Conservación de la Naturaleza (FPCN) /Peruvian Foundation for Conservation of Nature
NG Pro Defensa de la Naturaleza /Pro Nature Defence
NG PROTERRA

** PHILIPPINES/FILIPINAS **

GA Protected Areas and Wildlife Bureau, Department of the Environment and Natural Resources
NG Ecological Society of the Philippines
NG * Philippine Wildlife Conservation Foundation
NG World Ecologists Foundation (W.E.)
AF International Center for Living Aquatic Resources Management

** POLAND/POLOGNE/POLONIA **

NG Komitet Ochrony Przyrody Polskiej Akademii Nauk /Committee for Nature Protection of the Polish Academy of Sciences
NG Liga Ochrony Przyrody /League for Conservation of Nature
NG Panstwowa Rada Ochrony Przyrody /National Council for Protection of Nature

** PORTUGAL **

ST Serviçio Nacional de Parques, Reservas e de Conservaçao da Natureza /Service national des parcs, réserves et de la conservation de la nature
NG Liga para a Protecçao da Natureza /Ligue pour la protection de la nature
NG Núcleo Português de Estudo e Protecção da Vida Selvagem Centre portugais d'étude et protection de la vie sauvage

** REPUBLIC OF KOREA/REPUBLIQUE DE COREE/REPUBLICA DE COREA **

GA Division of Nature Preservation, Ministry of Home Affairs
GA Environment Administration
GA National Parks Authority
NG Korean Association for Conservation of Nature
NG Korean Central Council for Nature Preservation
NG * Korean Children's Leaders' Association
NG Korean Society for the Protection of Wild Animals
NG National Parks Association of Korea

** RWANDA **

GA Office Rwandais du Tourisme et des Parcs Nationaux

** SAMOA **

ST Department of Agriculture

** SAUDI ARABIA/ARABIE SAOUDITE/ARABIA SAUDITA **

ST Meteorology and Environmental Protection Administration, Ministry of Defence and Aviation
GA * Faculty of Meteorology, Environment and Arid Land Agriculture, King Abdulaziz University, Ministry of Higher Education
GA Meteorology and Environmental Protection Administration, Ministry of Defence and Aviation (MEPA)
GA National Commission for Wildlife Conservation and Development (NCWCD)
GA Tourism Development Department, Assir Principality

** SENEGAL **

ST * Direction des Eaux, Forêts et Chasses, Ministère de la Protection de la Nature
NG * Institut Fondamental d'Afrique Noire

** SEYCHELLES **

ST Division of Land Use and Environment, Ministry of National Development

** SINGAPORE/SINGAPOUR/SINGAPUR **

NG Singapore Zoological Gardens

** SOUTH AFRICA/AFRIQUE DU SUD/SUDAFRICA **

GA Chief Directorate, Nature and Environmental Conservation, Cape Town
GA Department of Environment Affairs, Pretoria

** SOUTH AFRICA/AFRIQUE DU SUD/SUDAFRICA ** (Cont.)

GA	Natal Parks Board
GA	National Parks Board of South Africa
NG	Botanical Society of South Africa
NG	Endangered Wildlife Trust
NG	Institute of Natural Resources, University of Natal (INR)
NG	Namibia Wildlife Trust
NG	Okavango Wildlife Society (OWLS)
NG	Percy FitzPatrick Institute of African Ornithology, University of Cape Town
NG	South African Association for Marine Biological Research (SAAMBR)
NG	SA Nature Foundation /WWF - Southern Africa
NG	Wildlife Society of Southern Africa
AF	Committee for Nature Conservation Research, National Programme for Environmental Sciences
AF	Department of Agriculture and Nature Conservation, Namibia, South West Africa
AF	National Zoological Gardens of South Africa, Pretoria
AF	Orange Free State Directorate of Nature and Environmental Conservation
AF	Transvaal Nature Conservation Division

** SPAIN/ESPAGNE/ESPAÑA **

ST	Instituto Nacional para la Conservación de la Naturaleza National Institute for Conservation of Nature
GA	Agencia de Medio Ambiente de la Junta de Andalucía Environment Agency of the Government of Andalucía
GA	Agencia de Medio Ambiente del Principado de Asturias Environment Agency of the Principality of Asturias
GA	Comisión de Defensa de la Naturaleza, Medio Ambiente y Repoblación Forestal de la Diputación Provincial de Valencia /Commission for Nature Protection, Environment and Reforestation of the Provincial Government of Valencia
GA	Consejería de Política Territorial de la Comunidad Autónoma de Canarias /Land Use Board of the Autonomous Community of the Canaries
GA	Dirección General del Medio Ambiente, Ministerio de Obras Publicas y Urbanismo (DGMA) /General Directorate for the Environment, Ministry of Public Works and Urbanism (MOPU)
GA *	Excmo. Cabildo Insular de Tenerife /Municipal Council of Tenerife
GA	Servei de Parcs Naturals, Diputació de Barcelona /Natural Parks Service, Government of Barcelona
GA *	Servicio de Investigación, Mantenimiento y Defensa de la Naturaleza, Diputación Provincial de Murcia /Research, Maintenance, and Nature Defence Service, Provincial Government of Murcia
NG *	Asociación Canaria para Defensa de la Naturaleza /Canary Islands Association for the Defence of Nature
NG *	Asociaciòn de Naturalistas del Sureste /South East Naturalists' Association
NG	Asociación Malagueña para la Protección de la Vida Silvestre /Malaga Association for the Protection of Wildlife

** SPAIN/ESPAGNE/ESPANA ** (Cont.)

NG Asociación para la Defensa de la Natureleza (ADENA) (WWF - España) /Association for the Defence of Nature (WWF - Spain)
NG Asociación para la Supervivencia de la Naturaleza y el Medio Ambiente de Andalucía /Association for the Survival of the Nature and Environment of Andalucia (ANDULUS)
NG Federación Coordinadora para la Defensa de las Aves (CODA) Co-ordinating Federation for the Defence of Birds
NG Federación de Amigos de la Tierra /Federation of Friends of the Earth
NG Fundación José María Blanc /José María Blanc Foundation
NG * Fundación para la Ecología y la Protección del Medio Ambiente /Foundation of Ecology and Protection of the Environment
NG Grup Balear d'Ornitologia i Defensa de la Naturaleza (GOB) Balearic Group for Ornithology and Defence of Nature
NG Instituto de la Caza Fotográfica y Ciencias de la Naturaleza /Institute of Photographic Hunting and Natural Sciences
NG Jardín Botánico de Córdoba /Cordoba Botanic Garden
NG Lliga per a la Defensa del Patrimoni Natural (DEPANA) League for Natural Heritage Defence
AF Parc Zoològic de Barcelona /Barcelona Zoological Park

** SRI LANKA **

ST Ministry of Lands, Irrigation, and Mahaweli Development
GA Department of Wildlife Conservation
NG Environmental Foundation
NG Wildlife and Nature Protection Society of Sri Lanka

** SUDAN/SOUDAN **

ST * Ministry of Animal Resources, Game, and Fisheries Department
GA * Ministry of Natural Resources and Rural Development
NG * University of Khartoum

** SWAZILAND/SWAZILANDIA **

GA * Natural Resources Board
GA * Swaziland National Trust Commission

** SWEDEN/SUEDE/SUECIA **

ST Ministry of Environment and Energy
GA Domänverket /National Forest Enterprise of Sweden
NG Naturhistoriska Riksmuseet /Swedish Museum of Natural History
NG Royal Swedish Academy of Sciences
NG Stiftelsen Skansen, Zoological Department /Skansen Foundation
NG Svenska Jägareförbundet /Swedish Sportsmen's Association

** SWEDEN/SUEDE/SUECIA ** (Cont.)

NG Svenska Naturskyddsföreningen /Swedish Society for the Conservation of Nature
NG Svenska Stiftelsen för WWF /WWF - Sweden
NG Sveriges Ornitologiska Förening /Swedish Ornithological Society

** SWITZERLAND/SUISSE/SUIZA **

ST Office fédéral des forêts et de la protection du paysage
NG Comité d'Action pour la Défense des Animaux en Péril
NG Fondation Tour du Valat pour l'Etude et la Conservation de la Nature
NG Nos Oiseaux - Société Romande pour l'Etude et la Protection des Oiseaux
NG Schweizer Vogelschutz /Association suisse pour la protection des oiseaux
NG Schweizerische Naturforschende Gesellschaft /Société Helvétique des Sciences Naturelles
NG Schweizerischer Bund für Naturschutz /Ligue Suisse pour la Protection de la Nature
NG Stiftung WWF Schweiz für die natürliche Umwelt /WWF - Suisse

** THAILAND/THAILANDE/TAILANDIA **

ST Royal Forest Department
NG Wildlife Fund Thailand

** TRINIDAD AND TOBAGO/TRINITE-ET-TOBAGO/TRINIDAD Y TOBAGO **

GA * Forestry Division, Ministry of Agriculture
NG Institute of Marine Affairs

** TUNISIA/TUNISIE/TUNEZ **

NG Association Tunisienne pour la Protection de la Nature et de l'Environnement

** TURKEY/TURQUIE/TURQUIA **

GA Tarim Orman ve Köyisleri Bakanligi /Ministry of Agriculture, Forestry, and Rural Affairs
NG Türkiye Tabiatini Koruma Dernegi /Turkish Association for Conservation of Nature and Natural Resources

** UGANDA/OUGANDA **

GA * Uganda Game Department
GA Uganda National Parks

** UNION OF SOVIET SOCIALIST REPUBLICS/UNION DES REPUBLIQUES SOCIALISTES SOVIETIQUES/UNION DE REPUBLICAS SOCIALISTAS SOVIETICAS **

GA	State Committee for Environment Protection (GOSKOMPRIRODA)
NG	All-Russian Society for Conservation of Nature
NG	Institute of Evolutionary Animal Morphology and Ecology (IEAME)
NG	Turkmenian Society for Conservation of Nature

** UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND/ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD/REINO UNIDO DE GRAN BRETAÑA E IRLANDA DEL NORTE **

ST	Countryside Commission; Countryside Commission for Scotland; Nature Conservancy Council
GA	Agriculture and Fisheries Department, Hong Kong
GA	Hong Kong Zoological and Botanical Gardens (HKZBG)
NG	British Association of Nature Conservationists (BANC)
NG	British Ecological Society (BES)
NG	British Herpetological Society (BHS)
NG	British Trust for Conservation Volunteers (BTCV)
NG	Buddhist Perception of Nature, Hong Kong
NG *	Conservancy Association, Hong Kong
NG	Council for Environmental Education (CEE)
NG	Donkey Sanctuary
NG	Environment Council
NG	Exmoor Society
NG	Falkland Islands Foundation (FIF)
NG	Greenpeace - UK
NG	Institute of Biology
NG	Landscape Institute
NG	Marwell Zoological Park
NG	National Federation of Zoological Gardens of Great Britain and Ireland
NG	National Trust for Places of Historic Interest or Natural Beauty
NG	National Trust for Scotland
NG	North of England Zoological Society (Chester Zoo)
NG	People's Trust for Endangered Species
NG	Royal Entomological Society of London (RESL)
NG	Royal Geographical Society
NG	Royal Society for Nature Conservation (RSNC)
NG	Royal Society for the Encouragement of Arts, Manufactures, and Commerce (RSA)
NG	Royal Society for the Protection of Birds (RSPB)
NG	Royal Zoological Society of Scotland (RZSS)
NG	Television Trust for the Environment (TVE)
NG	The Royal Society
NG	Twycross Zoo, East Midland Zoological Society
NG	Wildfowl and Wetlands Trust
NG	WWF - Hong Kong
NG	WWF - UK
NG	Young People's Trust for Endangered Species (YPTES)
NG	Zoological Society of Glasgow and West of Scotland
NG	Zoological Society of London

** UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND/ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD/REINO UNIDO DE GRAN BRETAÑA E IRLANDA DEL NORTE ** (Cont.)

IN   Advisory Committee on Pollution of the Sea (ACOPS)
IN   Fauna and Flora Preservation Society
IN   Friends of the Earth International (FOE)
IN   International Council for Bird Preservation (ICBP)
IN   International Fur Trade Federation (IFTF)
IN   International Union of Directors of Zoological Gardens (IUDZG)
IN   International Waterfowl and Wetlands Research Bureau
IN   Jersey Wildlife Preservation Trust (JWPT)
AF   British Museum (Natural History)
AF   Field Studies Council
AF   International Institute for Environment and Development
AF   Peak Park Planning Board
AF   Royal Botanic Gardens

** UNITED REPUBLIC OF TANZANIA/REPUBLIQUE-UNIE DE TANZANIE/REPUBLICA UNIDA DE TANZANIA **

GA   Tanzania National Parks
GA * Wildlife Division, Ministry of Natural Resources and Tourism
NG   Chama cha Kuendeleza Mazingira na Viumbe Hai Tanzania Tanzania Environmental Society (TESO)

** UNITED STATES OF AMERICA/ETATS-UNIS D'AMERIQUE/ESTADOS UNIDOS DE AMERICA **

GA   US Department of the Interior (Fish and Wildlife Service; National Park Service)
NG   African Wildlife Foundation (AWF)
NG   Akron Zoological Park
NG   American Association of Zoological Parks and Aquariums (AAZPA)
NG   American Committee for International Conservation (ACIC)
NG * American Humane Association
NG * American Nature Study Society
NG   American Society of Ichthyologists and Herpetologists
NG   American Society of Mammalogists
NG   American Society of Primatologists
NG   Animal Protection Institute of America (API)
NG * Animal Welfare Institute
NG   Atlantic Center for the Environment
NG   Audubon Park and Zoological Garden
NG   California Institute of Public Affairs (CIPA)
NG   California Native Plant Society (CNPS)
NG   Caribbean Conservation Corporation
NG   Center for Environmental Legal Studies, Pace University School of Law
NG   Center for Environmental Study
NG   Center for Field Research (Earthwatch)
NG   Center for Marine Conservation (CMC)

** UNITED STATES OF AMERICA/ETATS-UNIS D'AMERIQUE/ESTADOS UNIDOS ** (Cont.)

NG		Center for Plant Conservation
NG		Cetacean Society International (CSI)
NG		Cheyenne Mountain Zoological Park
NG		Chicago Zoological Society
NG		Conservation Foundation
NG		Coolidge Center for Environmental Leadership
NG		Defenders of Wildlife
NG		Denver Zoological Foundation
NG		Environmental Defense Fund
NG		Environmental Law Institute (ELI)
NG		Foresta Institute for Ocean and Mountain Studies
NG		Greater Los Angeles Zoo Association (GLAZA)
NG		International Snow Leopard Trust
NG		International Wilderness Leadership Foundation (IWLF)
NG		John G. Shedd Aquarium
NG		Lincoln Filene Center for Citizenship and Public Affairs, Tufts University
NG		Lincoln Park Zoological Garden
NG		Massachusetts Audubon Society
NG		National Audubon Society
NG		National Geographic Society
NG		National Parks and Conservation Association
NG		National Wildlife Federation
NG		Natural Resources Defense Council (NRDC)
NG		Oceanic Society
NG		Primarily Primates
NG	*	Project Jonah
NG	*	RARE
NG		Riverbanks Zoological Park
NG		School of Forestry and Environmental Studies, Yale University
NG		School of Natural Resources, University of Michigan
NG		Smithsonian Institution
NG		St Louis Zoological Park
NG		The Nature Conservancy, International Program (TNC)
NG		Threshold International Center for Environment Renewal
NG		Tropical Conservation Program, Wild Wings and Underhill Foundations
NG		Trust for Public Land
NG		Tulsa Zoo
NG	*	University of Wisconsin-Green Bay
NG	*	Whale Center
NG		Wilderness Society
NG		Wildlife Conservation International, New York Zoological Society
NG		Wildlife Management Institute
NG		Wildlife Society
NG		Windstar Foundation
NG		World Resources Institute
NG		WWF - US
NG		Zoological Society of Philadelphia
NG		Zoological Society of Buffalo
NG		Zoological Society of San Diego

** UNITED STATES OF AMERICA/ETATS-UNIS D'AMERIQUE/ESTADOS UNIDOS ** (Cont.)

IN   Alternative Methods for International Stability (AMIS)
IN   Better World Society
IN   Conservation International (CI)
IN   Game Conservation International (Game Coin)
IN   International Wildlife Coalition
IN   International Association of Fish and Wildlife Agencies
IN   International Association of Zoo Educators (IZE)
IN   International Indian Treaty Council (IITC)
IN   International Primate Protection League
IN   International Primatological Society
IN   Sierra Club
IN   Society for Conservation Biology
IN   Wildlife Preservation Trust International
AF * Caribbean Research Institute, College of the Virgin Islands
AF   National Oceanic and Atmospheric Administration, US Department of Commerce
AF   Topeka Zoological Park
AF   Woodland Park Zoological Society

** URUGUAY **

NG * Centro de Investigación y Promoción Franciscano y Ecológico /Franciscan and Ecological Center of Research and Promotion

** VENEZUELA **

ST   Ministerio del Ambiente y de los Recursos Naturales Renovables /Ministry of Environment and Renewable Natural Resources
GA   Academia de Ciencias Físicas, Matemáticas y Naturales de Venezuela /Academy of Physical, Mathematical and Natural Sciences of Venezuela
GA * Compañía Nacional de Reforestación /National Company of Reforestation
GA * Corporación de Turismo de Venezuela /Tourism Corporation of Venezuela
NG * Asociación Nacional para la Defensa de la Naturaleza National Association for Defence of Nature
NG * Fundación La Salle de Ciencias Naturales /La Salle Foundation of Natural Sciences
NG   Fundación para la Defensa de la Naturaleza (FUDENA) Foundation for Defence of Nature
NG * Fundación para la Educación Ambiental (Fundación EDUCAM) Environmental Education Foundation
NG   Fundación Venezolana para la Conservación de la Diversidad Biológica (BIOMA) /Foundation for Conservation of Biological Diversity
NG * Instituto de Recursos Naturales Renovables, Universidad Simón Bolivar /Renewable Natural Resources Institute, Simón Bolivar University
NG * Instituto para la Conservación del Lago de Valencia Institute for Conservation of Valencia Lake

** VENEZUELA ** (Cont.)

NG Sociedad Conservacionista Audubon de Venezuela /Audubon Conservation Society of Venezuela
NG * Sociedad Venezolana de Ciencias Naturales /Natural Science Society of Venezuela
NG * Universidad Nacional Experimental de los Llanos Occidentales Ezequiel Zamora /Ezequiel Zamora Experimental University of the West Plains
AF Fundación Polar /Polar Foundation

** VIET NAM **

ST * Ministère des Affaires étrangères

** YUGOSLAVIA/YOUGOSLAVIE **

GA * Association de la Conservation de la Nature de Yougoslavie
NG Hrvatsko Biolosko Drustvo /Croatian Biological Society

** ZAIRE **

ST * Département de l'Environnement, Conservation de la Nature et Tourisme
AF Agriculture et Bois

** ZAMBIA/ZAMBIE **

ST Ministry of Water, Lands, and Natural Resources
NG Wildlife Conservation Society of Zambia

** ZIMBABWE **

ST Ministry of Natural Resources and Tourism
GA Natural Resources Board
NG Wildlife Society of Zimbabwe
NG Zambezi Society
NG Zimbabwe National Conservation Trust

STATEMENT OF JEROME M. SEGAL, PRESIDENT OF THE JEWISH PEACE LOBBY

Thank you for this opportunity to submit testimony to the Committee. As this is the first time that testimony from the Jewish Peace Lobby will be seen by the Committee, let me begin with a few words about the organization.

The Jewish Peace Lobby

The Jewish Peace Lobby was founded one year ago. It is based on two principles:

1. Israel has a right to peace and security.

2. The Palestinian people have a right to self-determination, including the right to select their own leadership.

It is our view that peace efforts should be conceived as an attempt to find a concrete solution which allows for the satisfaction of both of these rights, that is, Israel's security and Palestinian self-determination.

The organization is supported by over 150 rabbis and numerous Jewish scholars, intellectuals and public figures.

The Jewish Peace Lobby was formed, in part, to more adequately convey to American policy makers the views of American Jews with respect to the Israeli-Palestinian conflict.

We do not claim to represent the opinions of the entire Jewish community, but we do claim to represent a very significant portion of American Jews, quite possibly a silent plurality.

For instance, in regular polls conducted by the American Jewish Committee, a clear plurality of American Jews, year after year, have agreed with the statement:

"Palestinians have a right to a homeland in the West Bank and Gaza, so long as it does not threaten Israel."

The exact data in response to this question are:[1]

	Agree	Disagree	Not Sure
1989	47	23	30
1988	46	26	28
1986	48	21	31
1985	51	24	25
1983	47	26	28

At the same time, most American Jews, like their Israeli counterparts, remain skeptical as to Palestinian intentions. We understand that skepticism, and do not believe that Israel should base its national security on trust. Rather, we believe that Israel will, as it has every right to do, rest its ultimate security upon its ability to defend itself.

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[1] "The 1989 Survey of American Jewish Attitudes Toward Israel and Israelis," Steven M. Cohen, Institute of American Jewish-Israeli Relations, The American Jewish Committee.

At the same time, we believe that Israel is and will remain strong enough to defend itself, and that it is certainly strong enough to undertake serious negotiations leading to Israeli withdrawal from territories occupied in the 1967 war.

We see the Israeli-Palestinian conflict as a conflict between two nationalisms, each with legitimate claims to the same land. Neither nationalism can or should be destroyed. Neither nationalism can obtain all that it claims, but by the same token, the conflict cannot be resolved if one nationalism is fulfilled within its own state and the other is permanently frustrated.

The Present Moment in the History of the Conflict

The decisions the Congress makes with respect to U.S. policy in the Middle East, including decisions with respect to foreign aid, must be set within some larger understanding of where we are historically.

I will not go into this in great detail, but let me call attention to some of the basics.

We are at a critical moment in the history of the conflict. For the first time, it is reasonable to say that resolution of the Israeli-Palestinian conflict is within reach, and with it resolution of the wider Israeli-Arab conflict.

At the same time, if we do not move towards a real resolution of the conflict, it is likely that we will gradually move towards a new Middle East war. That future war will be far more destructive than anything ever witnessed in the Middle East. It may well involve chemical and nuclear weapons.

The core of the conflict between Jews and Palestinians has been over which national community shall control a land to which both have legitimate entitlement.

In 1947, the United Nations, with the support of the United States and the Soviet Union, sought to resolve the conflict by dividing the land into two states, one Arab and one Jewish. The Zionist movement was divided over whether or not to accept this idea of partition. That segment of the Zionist leadership from which the current Israel government descends opposed the idea of partition. Prime Minister Shamir himself, at that time a key figure in the notorious Stern Gang, opposed any territorial compromise forty-three years ago. He opposed it for all of those forty three years, and he opposes it today.

Fortunately, the Zionist movement under the leadership of David Ben-Gurion accepted the idea of partition. And in 1948, citing the United Nations Partition Resolution, the Zionist movement issued the Israeli Declaration of Independence. As is well known, the Arab nations rejected partition. As soon as the new Israeli state was proclaimed, the Arab states declared war, and the 1948 war ensued.

The Palestinian national movement, which has been embodied by the PLO, similarly rejected any idea of partition. In its Covenant the PLO specifically addressed the 1947 Partition Resolution, declared it null and void, and dedicated Palestinian nationalism to the goal of eliminating the Jewish state.

Over the years, there has been a gradual but clear evolution of Palestinian and Arab thinking with respect to partition. This is a long term process and it has not yet been fully completed. It was most evident in the Fez declarations of the Arab League in

1982 which accepted the rights of all states to live in peace, and in the Amman Accords reached between Yasser Arafat and King Hussein in 1985 in which they sought to form a joint negotiating team which would seek to resolve the conflict on the basis of the principle of land for peace.

Most dramatically, in November of 1988, the Palestine National Council issued the Palestine Declaration of Independence, which proclaimed the existence of the State of Palestine. This document, which is properly seen as the most fundamental document of Palestinian nationalism, contains powerful echoes of the Israeli Declaration of Independence.

In a key passage, it too refers to the historic 1947 Partition Resolution; it notes that that resolution provided for "a Jewish State and an Arab State." The Declaration then goes on to maintain that the partition resolution "remains a part of international legitimacy" (international law) which the Palestinians are drawing upon in support of their Declaration of Independence.

Thus, today, forty-three years after the Partition Resolution, we have a rather complete shift of positions. Today it is the Palestinians that call for dividing the land between the two peoples. And today we find that the Israeli government is in the hands of those who have always been territorial maximalists.

The United States has, since 1967, accepted two principles to resolve the conflict. They are identified in United Nations Resolution 242, and are:

1. The right of all states in the region to live in peace and security;

2. Israeli withdrawal from territories occupied during the 1967 war.

This is the famous "land for peace" framework of Resolution 242. Every American President has known that there is no possibility of resolving the Israeli-Palestinian conflict and the larger Israeli-Palestinian conflict if Israel refuses to negotiate on the basis of Resolution 242.

Yet it is exactly this that Prime Minister Shamir refuses to do. And it is exactly this that makes him and his government an extremist government. And it is exactly this refusal to accept the principle of withdrawal, if Israel's legitimate security concerns are met, which separates Prime Minister Shamir from most of the American Jewish community.

In this regard, I would call your attention to the "Rabbis' Letter on Land for Peace." This is an open letter to Prime Minister Shamir from American rabbis. It calls on Prime Minister Shamir to announce his willingness to negotiate with the Palestinians on the basis that the withdrawal provisions of Resolution 242 are applicable to West Bank and Gaza Strip territories. Mr. Shamir is known to hold the unique interpretation that the withdrawal principles of 242 were fully satisfied when Israel withdrew from the Sinai.

The Rabbis' Letter goes to the heart of the issue, and helps to clear away the fog that has been created by an excessive emphasis on process in American diplomacy. The letter has now been signed by over 350 rabbis. A copy is attached.

The basic point is that progress towards peace is not possible if the Israeli government is unwilling to negotiate over withdrawal from West Bank territory. Prime Minister Shamir, by matter of life-long ideology, is unwilling to do that. And thus, there will be no serious progress towards peace between Israelis and Palestinians under the Shamir government. Serious movement towards peace will require, as a necessary condition, deep political change in Israel. Until that occurs what we can expect is a shell game which tries to avert a crisis with the United States while at the same time leaving the basic status quo unchanged.

There is no point in fooling ourselves about this fact. Moreover, there is no point in fooling ourselves about what the United States Government and the United States Congress will or can do. The United States cannot and will not force Israel to withdraw from the occupied territories. It is the Israeli people themselves who will ultimately make that decision.

It is important, during this period in which Israel is governed by the right-wing, that the United States have realistic objectives.

In my judgment it is critical that the United States make keeping the land for peace option alive one of its central objectives in the current period.

I will focus the rest of my testimony on one particular idea which I laid out in the *Los Angeles Times* several weeks ago and which is attached. (A more comprehensive account of policy steps for the United States is contained in my article in *The Nation* (7/2/90) which is also attached).

Respond to Settlements by Placing Aid in a Trust Fund for the Israeli People

Israeli settlement of the West Bank has been pursued as a policy of creating "facts on the ground" that are designed to prevent resolution of the conflict along the "land for peace" lines envisioned in Resolution 242. In particular the process is designed to make it politically impossible for any Israeli government to relinquish territory.

Today the process is quite far along. There are well over 100 settlements in the West Bank, and unlike the settlements called for in the original Allon Plan, they cover virtually every part of the territory. So numerous are the settlements that there is hardly a settlement that is more than several miles away from yet another settlement.

The policy of settlement is essentially one of "de facto" annexation of the territory. It is a policy of "creating facts" on the ground, which bit by bit will foreclose political options.

Economic advantage constitutes a major portion of the motivation behind the decisions of Israelis to move into the West Bank. Attached is a *New York Times* report which details the multiplicity of hidden subsidies which encourage settlement. Because of the fungibility of money, U.S. economic assistance plays a key role in making this policy of subsidization possible.

According to the *New York Times*, these subsidies include:

- direct housing subsidies ranging between $9,750 to $21,600;
- land provided at 5% of its assessed value;
- mortgages free of interest for 65% of the loan;
- government payment of water and sewage hook-ups.

In the current situation, with a large immigration into Israel, with Israel already in a housing crisis, and with the government not undertaking adequate plans to provide new housing, it is inevitable that the forces of supply and demand will over time result in a significant increase in Israelis living in the territories. Given the major financial subsidies that the Israeli government provides with the objective of furthering settlement in the territories, we have a serious crisis.

Just at that unique point in history when it is possible to end the conflict, the occupied territories are experiencing a major growth in the settler population. A growth so substantial that in a few years, the "land for peace" option will be foreclosed.

This rapid growth rate of the settler population is detailed in the attached article from the *Washington Post*. According to The *Post*, the current growth rate of settlers living in the territories (and this does not include Jerusalem) is 16%.

A 16% growth rate means a doubling of the population in under four and a half years and a quadrupling in nine years. There is every reason to believe that this conflict will not be resolved nine years from now, and if the current growth rate continues during that period there will be over 350,000 Israelis living in the territories. And this can occur without even one new settlement being built. All that is needed is an expansion of the 160 settlements that already exist.

Every American President has opposed Israeli policies of settling in the territories. President Carter viewed them as illegal; President Reagan viewed them as an obstacle to peace, and the Bush Administration has called on Israel to halt settlement activity. But these verbal protests have not made much impression. And this is not surprising. After all, the subsidization of settlements is facilitated by American aid, and so long as this facilitation occurs, then why should Israeli policy makers take the U.S. President seriously?

I submit that it falls to the Appropriations Committees to respond to the settlement crisis. And I urge that you respond by empowering the President, by giving him both the responsibility and the authority to respond to the subsidization policies we have facilitated.

The new Israeli government is pledged to "expand, develop and strengthen" settlements. If they succeed, the "land for peace option" will be permanently closed, even if a Labor Party government subsequently comes to power.

If we are to preserve the possibility of eventual peace, we must act to prevent the land for peace option from being eliminated. The Congress, must seriously address the issue of settlements, whether new settlements or the expansion of existing ones.

What I propose is that Congress should authorize the President to establish a Trust Fund for the People of Israel. The President would be authorized to place in the trust fund a segment of the appropriated economic aid monies for Israel equivalent to the amount Israel is spending on expanding settlements. This would include both direct expenditures and indirect subsidies. The trust fund would be truly dedicated for Israel, and would be disbursed when Israel enacts a permanent freeze on settlement or at least eliminates subsidies. In addition, even without a settlement freeze, the President could be authorized to make disbursements to support the scores of non-governmental Israeli organizations that promote respect for human rights, democratic values and Israeli-Palestinian reconciliation.

The one course of action which in all candor I fear is most likely, is that because of domestic politics, the Congress will do nothing, that it will be business as usual.

I urge you to not let that happen. Five or ten years from now if we reach a point at which Resolution 242 is irrelevant because there are so many Israelis settled in the territories, let it not be said that this was the result of American policies.

Now is a time for action. We are at a decisive moment in the history of the conflict, in the history of the Middle East, in the history of the Jewish people, and quite possibly the history of the world.

The opportunity for peace in the Middle East diminishes with every new settler that moves to the West Bank. The United States is facilitating the subsidization policies which promote that movement. You have it within your power to finally say "To this madness, we will no longer contribute!"

I urge you to do so.

OPEN LETTER TO PRIME MINISTER SHAMIR

Dear Mr. Prime Minister,

We are at a unique moment in history. It is possible to end the Israeli-Palestinian conflict, and thereby defuse the larger Israeli-Arab conflict.

At its heart the Israeli-Palestinian conflict is a conflict between two nationalisms, each with legitimate claims to the land. For decades the Arab world demanded all of the land and refused to accept a Jewish state in the Middle East. Today, the situation is different. Peace can be achieved but only if Israel agrees to withdraw from the West Bank and Gaza provided that its valid security needs are met.

We call on you to announce your willingness to hold negotiations with the Palestinians based on Resolution 242 with the understanding that the withdrawal provisions apply to the West Bank and Gaza. In short, we call on you to accept the principle of exchanging land for peace.

We urge you to seize the moment, to find the courage of heart and mind, to risk saying "yes" before the opportunity slips away.

Secretary of State Baker has called on Israelis to abandon the dream of "Greater Israel." You have responded by stating that Israel will not give the Palestinians "one inch of our land." This is not the way to peace.

If Israel seeks to hold onto all of the land there can be no peace. You cannot give citizenship to the 1.7 million Palestinians living in the West Bank and Gaza without either giving up Israel's democratic character or giving up its identity as a Jewish state. Yet if they are not treated as equals, Palestinians will forever struggle to free themselves from Israeli control. The only solution is to give up the occupied territories. Otherwise, you forever condemn Israel to conflict and to the inner destruction that occupation brings to the occupying power.

For the good of Israel and in the spirit of the Jewish tradition, turn to the Palestinians, acknowledge them as the equal bearers of rights, and offer to withdraw from the territories in exchange for peace and security.

[Note: As of July 24, 1990, 368 American rabbis have signed this letter.]

[From the New York Times, Mar. 4, 1990]

WEST BANK'S GARDEN VIEWS AND SPECIAL LOANS ARE LURING JEWISH SETTLERS

(By Joel Brinkley)

MAALEH ADUMIM, Israeli-occupied West Bank, March 3 — Dozens of new one-bedroom two-bedroom and three-bedroom homes are going up on the edge of this Jewish settlement, the largest in the West Bank.

"Garden views," says the billboard in front of the construction area. "The highest building standards."

After that, in bold letters, comes the promise that lured most of the settlement's 14,000 residents, including several dozen new Soviet immigrants: "Special loans and aid for residents from the Ministry of Building and Housing."

Almost 13,000 Soviet Jews moved to Israel in 1989, and 10,300 more have arrived in just the last two months. At least 100,000 are expected in 1990.

Government Is Cooperating

So far, only about 1.5 percent of these people have moved to settlements in the occupied West Bank, about 300 in all. But that's not because the settlers aren't trying to lure them.

"Believe me, we are doing our utmost to bring them here," said Yisrael Harel, head of the West Bank settlers' council. "We are putting a lot of energy into it."

The Israeli Government is cooperating in the effort, with large cash subsidies for new settlers, low-interest mortgages and essentially free land.

But even if the arrival of new Soviet émigrés in the occupied territories continues at a rate of only 1.5 percent, the total settlement population, now about 70,000, will still rise by more than 10 percent, given the Government's estimate that half a million Soviet Jews will move to Israel in the next few years.

Major Political Issue

No political issue has caused Israel more problems in recent months as the question of settling Soviet Jews in the West Bank or Gaza Strip. Prime Minister Yitzhak Shamir stirred a worldwide torrent of complaint in January, when he told a Likud party audience that, in his view, a "big Israel" was needed to accommodate all the new arrivals.

After that, both he and most everyone else in Government repeatedly vowed that it was not Israel's policy to direct Soviet Jews to the occupied territories, and that it is up to the immigrants themselves to decide where they want to live.

But that has done little to quiet the storm. Arab anger over the Prime Minister's remark and the idea that new immigrants might be moving to occupied Arab land seems to be so sustained and deeply felt that on Friday the Government ordered full military censorship of news articles about Soviet immigration, apparently thinking that by curtailing news reports, Arab leaders might forget.

Unabashed Recruiters

There is little evidence to suggest that Israel is in fact making special efforts to push Soviet immigrants to the West Bank. Still, it is the Government's policy to offer larger inducements, in most cases, to anyone moving to the West Bank or Gaza.

And while the Government itself says it offers the new arrivals nothing more than neutral advice about where to live, the settlers' leaders have become eager, unabashed recruiters. The Government sees nothing wrong with that.

"You can be sorry or not about it, but this in the framework of freedom of choice," said Avi Pazner, a close aide to Prime Minister Shamir.

No settlement leader works harder at recruiting Soviet immigrants than Ron Nachman, the boosterish leader of Ariel, a community of about 8,000.

"It is the Government's responsibility to provide shelter and homes to every Jew from abroad, and it is my responsibility, too," he said in an interview. "I hope as many immigrants as possible will come here."

Hebrew Language Schools

To that end, Mr. Nachman is building 250 new Government-funded apartments for new residents, particularly for new immigrants.

Ariel is also one of three West Bank settlements with an "ulpan," or Hebrew language school for new immigrants. The immigrants live there for several months while studying Hebrew — with the hope that they will grow to like the place and decide to stay.

All this seems to be working. Mr. Nachman says 200 Soviet Jews have moved to Ariel in the last few months. When they first arrive, he often goes to pick them up at the airport.

For the most part, the Soviet Jews are not ardent Zionists interested in promoting the idea of "greater Israel." These are people who left their homes in the Soviet Union with only a little money in their pockets.

"Some people settled here becuase they could not afford Tel Aviv," Mr. Nachman says.

"I knew nothing about Ariel before I came here," 59-year-old Grigorian Katzman told reporters in January, a few weeks after moving to Ariel from the Soviet Union. "The main thing is that I don't have to pay a lot of money for an apartment."

Israel offers a range of special incentives to people who want to move to small towns away from the nation's center, both inside Israel and in the occupied territories. But a special study prepared last month by the West Bank Data Project, a nonpartisan research institute, shows that, in most cases, new settlers are given greater financial benefits than people moving to small towns inside Israel.

According to the study, these are among the incentives:

¶Settlers without a home receive direct housing subsidies that range from $9,750 to $21,600, depending on family size, while people moving to small, remote towns inside Israel are given between $6,500 and $20,200.

¶Settlers building their own homes are given the land, in essence, for 5 percent of its assessed value. In small towns, the price of the land is between 16 and 50 percent of the assessed value.

¶Mortgages are given to settlers free of interest for 65 percent of the loan's value, while anther 25 percent of the loan is at greatly reduced rates. Some people moving to small towns are given comparable deals, but only if they choose the most remote villages, far from population centers.

¶The Government pays the cost of hooking settlement homes to water, sewage and other municipal services. Inside Israel, the homeowner pays those bills, except in the most remote villages.

¶Settlers can build homes as large as they like and still get the special Government-backed mortgages, while inside Israel the mortgages are given only for homes limited to a certain size.

¶The expenditures for each pupil in the settlers' schools is higher than for schools inside Israel, and the Government also subsidizes the transportation costs for settlers' children, who are bused to Israel.

The West Bank Data Project study concludes: "The Government of Israel offers special incentives to Israeli citizens, including new immigrants," to move to settlements.

"Some similar incentives are offered in 'development areas' " inside Israel, the study says.

[From the Washington Post, June 23, 1990]

JEWISH SETTLEMENTS GROW IN OCCUPIED TERRITORIES

(By Jackson Diehl)

BETAR, West Bank—The first families moved this week into the concrete-and-tile apartment houses of this Jewish settlement, steering truckloads of furniture around the bulldozers paving the streets. But no ceremony, and only passing publicity, have marked the launching of the latest Israeli outpost in the occupied territories.

A new right-wing government has returned settlement to the center of Israel's domestic and diplomatic politics. Yet, like hundreds of other Jews now moving to the territories, Betar's pioneers have so far succeeded in exempting themselves from controversy.

"This is not really a new settlement. It was authorized by the government many years ago," Moshe Leibowitz, Betar's interim mayor, explained to a visiting journalist. "And to answer your most important question: no, there are no Soviet immigrants living here."

Betar's inconspicuous growth on a windy hilltop southeast of Jerusalem helps explain the deliberately low profile and mild rhetoric that Israel's settlement movement have adopted as a government favoring its aims takes power.

So far, the new coalition of Prime Minister Yitzhak Shamir has tended to draw attention to two central issues: the creation of new Jewish communities in the occupied West Bank and Gaza Strip and the transfer of immigrant Soviet Jews to the territories. In both, Shamir has adopted a relatively conciliatory stand: this week, he affirmed that there are no plans for new settlements.

Yet while these policies are of central importance to Israel's ability to sustain the Soviet immigration as well as relations with the United States, they are of secondary significance to those Israelis who dream of establishing permanent control over the occupied lands. Of far greater import than new sites or new immigrants, the settlers' leaders say, is the steady, continuing expansion of the 160 settlements that already exist, driven by past government decisions as well as powerful economic forces.

Betar, for example, has attracted little attention in Israel this week. Even though it is only now being occupied, its construction was officially approved long ago. So, like the new neighborhoods being built in existing settlements, it falls outside the usual parameters of Israeli and U.S. debate on the settlements.

If Shamir's new government allows this less-conspicuous development to quietly proceed, the settlers say, they may achieve the goal of making their presence in the territories unassailable by the time of the next scheduled elections in 1992.

"Even if we record the same level of growth over the next several years as we have had in the last three—and I think we will be able to do at least as well as before—we're going to come to a state where the situation is irreversible," said Pinhas Wallerstein, chairman of the Matei Benyamini Regional Council, which oversees 30 settlements in the West Bank. "So we don't need dramatic decisions by the new government. All we need is continuity."

Politicians and experts have been debating for years about the degree of "irreversibility" of the settlements, and Wallerstein's conclusion would be disputed by many. The settlers' dream is to establish a permanent Jewish presence and Israeli control over the West Bank and Gaza, which were captured by Israel during the 1967 Six Day War.

Still, the numbers appear to show a trend of steady growth of Jewish population in the territories.

According to a survey published this week by the liberal newspaper Haaretz, the Jewish population in the territories grew from 70,000 at the end of 1987 to 87,000 now, and it is expected to reach 94,000 by the end of the summer. The rate of population growth doubled from 8 percent in 1989 to 16 percent this year, it said. The newspaper said its figures were based on reports by government councils in the territories.

Wallerstein said that in his area immediately north of Jerusalem, only four new settlements had been added since late 1986, when Shamir took office as prime minister. Nevertheless, the overall Jewish population expanded from 5,800 to 10,500. "In the next 12 months we plan to start 1,800 new housing units, all in existing settlements," he said. "So even if the new government doesn't help us too much we should be able to nearly double our population again."

Other settlement councils have similarly ambitious building plans. In Maale Adumim, the largest Jewish settlement in the West Bank, with a population of 14,000, the local council is planning to start construction on 1,000 new units next year, raising the population by more than a quarter. In Ariel, with a population of 8,000, there are plans for 800 new units.

The survey by Haaretz showed that a total of 7,700 new housing units were now being planned in the settlements, which, it said, would make possible a population increase of 33,000 people in the next several years.

A few of the settlements need government funding for their construction. But many finance their own, and need only the government's approval to develop new lots and government construction of sewers, electricity and water facilities, and roads. In seeking such expansion, they will have a powerful advocate: Housing Minister Ariel Sharon, one of the original architects of the settlement drive, who in his new post will control both land allocation and new construction permits.

Sharon, the settlers' leaders point out, can facilitate much of the new building simply by having his ministry issue the necessary permits. No potentially controversial cabinet or parliamentary debates are necessary, and media are unlikely to notice many of the decisions.

Shamir's intention appears to be to pursue this course of quiet expansion. Faced with the Bush administration's strong opposition to new settlements, Shamir has said that none are now planned. In answer to demands from the United States and the Soviet Union for guarantees that Soviet Jews will not be resettled in the territories, he has responded that the government has no policy of encouraging such moves but will not prevent them and that only a few hundred of the Soviet immigrants are living in the West Bank and Gaza.

At the same time, Shamir has made clear that he intends to encourage the growth of existing settlements, and has been funneling money toward the building of necessary facilities ever since the left-wing Labor leader Shimon Peres left the Finance Ministry in March. So far, $30 million in additional funding has been approved for new roads, sewers and other infrastructure.

Moreover, the government has made no move to change programs providing financial incentives, such as cheaper mortgages, to Israelis who choose a home in the territories over one in the center of the country. Those programs have combined with rapidly rising housing prices inside Israel to create a powerful economic motive for new settlers.

"Here a three-room apartment costs $60,000, and you can get a mortgage for $40,000," said one of the new buyers in Betar, a white-bearded man who, like all the new settlers here, belongs to an ultra-Orthodox religious community. "In Jerusalem the same apartment costs $120,000, and you can only get a mortgage for $20,000. So it depends on what benefits the government gives. This is the only apartment that a lot of people can afford."

While homes in the West Bank and Gaza have always been cheaper than those inside Israel, the disparity has increased significantly in recent months. The wave of Soviet immigration has had the effect of provoking a sharp inflationary spiral in rents and housing prices inside Israel, while prices in the occupied territories have been largely unaffected.

"Almost all the Soviet immigrants who come want to start by renting an apartment," Wallerstein said, "but there are almost no rental apartments in the territories. Almost everything here is self-financed homes. So the Soviet immigrant rents a place somewhere else, but maybe after a year, if he wants to live here, he will build his own place."

Moved by these calculations, even some of the most ambitious settler leaders have welcomed Shamir's seemingly modest policies. "We are not demanding any wave of new settlements," said Elyakim Haetzni, a settler leader and member of parliament whose right-wing Tehiya Party is in the new governing coalition. "There are a few locations where gaps have to be filled, but not at an accelerated pace."

As for the government's insistent claims that Soviet immigrants are not moving to the territories, Haetzni pointedly asked: "Do you hear us saying anything? We have not even reacted. When I speak about expansion, I don't speak about these immigrants. We are not like missionaries trying to convert them."

Haetzni said that if the settlers' population could be expanded to 250,000, "that would be the end of the story. It would mean that the American administration would stop bothering us, that the issue would be over."

[From the Los Angeles Times, June 18, 1990]

GAIN U.S. LEVERAGE ON THE SETTLEMENTS

(By Jerome M. Segal)

One year ago, Secretary of State James A. Baker III called on the Israeli government to "lay aside the vision of Greater Israel, stop settlement activity and reach out to the Palestinians as neighbors who deserve political rights." The Bush Administration pressed the Shamir government to put forward a peace intiative and embraced the plan that emerged. Baker sought to lead Prime Minister Yitzhak Shamir into a process that would develop a life of its own and ultimately result in Israeli withdrawal from the West Bank and Gaza.

Shamir, a lifelong advocate of Greater Israel, has proved too agile. His new government, no longer saddled with a Labor partnership, has directly challenged the United States with a pledge to "strengthen, expand and develop" settlements in the West Bank and Gaza. It is against this policy that the United States must define its relationship to the new reality in Israel.

The issue of settlements is not merely one of many issues. It is *the* issue. It goes to the absolute core of the Israeli-Palestinian conflict: Who will ultimately possess the land? The new Israeli government, which rejects the land-for-peace formula of United Nations Resolution 242, is squarely set on de facto annexation of the West Bank territory that Israel has occupied since the 1967 war. This is a formula for a wider conflict with disastrous potential.

What can the United States do?

Words will not be enough. The United States has long stated its opposition to settlements. The Carter Administration branded them illegal under international law. The Reagan Administration termed them an "obstacle to peace." And the Bush Administration has consistently called on Israel to halt settlement activity. None of this has ever made much impression.

A few months ago, when Israel was seeking $400 million in housing loan guarantees, Baker announced that Administration support would require a settlement freeze. This linkage was a major departure. But the Administration quickly retreated when it became obvious that Congress would balk.

The President is well aware of the centrality of the settlement issue; for him, the question is one of political costs and benefits. The White House cannot win in Congress on any linkage of settlement to aid unless the President is willing to wage a major campaign. If this means fighting a unified American Jewish community, the President will not do it. There was not a major Jewish organization in the country that supported Baker's effort to link settlements to aid.

In discussing this issue on Capitol Hill, it is clear that privately there is widespread sympathy for a tougher position but absolutely no willingness to take on the political firestorm that such a battle would entail. The truth is, it couldn't be won. There are no forces in American politics that could prevail against the united opposition of American Jewish organizations on the issue of aid. The irony is that most American Jews do not favor the settlements; rather, they fear that linking settlements to aid might snowball into a broad erosion of America's basic commitment to Israel.

To move forward, what is needed is a way of taking a forceful stand on settlements that is not—and will not be seen as—anti-Israel.

The President should seek from Congress the authority to establish an Israeli trust fund—an account held in trust for the people of Israel—and to put into it the appropriated monies that are equivalent to what Israel spends on the expansion of settlements. This would include both direct expenditures and hidden subsidies. The effort would not be to cut aid to Israel, but rather to set some aid aside until such time as the country adopts a permanent freeze on settlement expansion.

The President might also be authorized to make disbursements from the trust fund to support the scores of dedicated Israeli organizations outside the government that promote human rights, democratic values and Arab-Israeli communication.

There is no guarantee, of course, that even this measure would produce the desired impact, but it would be a major step forward in establishing American credibility in the eyes of both Israelis and Palestinians.

As it cannot happen without at least some support from the American Jewish community, the emerging question with respect to future American policy is: To what extent will American Jews distinguish support for Israel from support for the policies of the Shamir government?

[From the Nation, July 2, 1990]

NINE STEPS THE U.S. SHOULD TAKE

(By Jerome Segal)

United States policy on the Israeli-Palestinian conflict has failed. Over the past year, Israeli Prime Minister Yitzhak Shamir has successfully thwarted U.S. efforts to breathe life into his own proposal for Palestinian elections and negotiations. Now, after the collapse of the Labor-Likud national unity government in March and Shimon Peres's failure to form a Labor-led coalition, Shamir has managed to cobble the most right-wing government in Israel's history. And with the recent abortive Palestinian attack on Tel Aviv's beaches, the continuation of the American dialogue with the Palestine Liberation Organization is very much in doubt.

The glee of the Israeli right wing notwithstanding, these events are as tragic for Israel as they are for the Palestinians. If the dialogue with the P.L.O. is ended, it will be worse than if it had never begun. Without the P.L.O. there can be no movement toward resolving the Israeli-Palestinian conflict. And if there is no resolution of that conflict, relations between Israel and some of its Arab neighbors will again move to the edge of war. What the Middle East is heading toward is a system of deterrence based on Israel's nuclear capability versus Arab chemical weapons and nuclear potential. Such a system will sooner or later prove explosive.

Instead of focusing on procedural efforts to bring the two sides closer to the negotiating table, the United States needs a new policy, one based on two lessons that should have already been learned: First, no peace is possible without deep political transformation inside Israel. Second, while changes in Israeli politics will be determined more by what the Arab and Palestinian world does than by any other variable, Palestinian politics has exhausted its ability to make unilateral concessions. Thus the United States should focus on unilateral steps it can take to create an environment within which Israeli and Palestinian moderates can gradually produce broad public support in Israel for an end to the occupation.

Presented below is a nine-point proposal for U.S. policy. With strong presidential leadership, all of these steps are politically realistic within the current American context. None of them are dependent on the cooperation of a Shamir government.

1. Relax U.S. Opposition to a Palestinian State. The Palestinian Declaration of Independence of November 1988 was a turning point in the history of the Middle East. It reversed forty-one years of formal Palestinian opposition to the two-state solution and culminated a historic evolution in Palestinian thinking. The self-affirmation at the core of the *intifada* led to this unilateral proclamation, in which the Palestine National Council accepted the United Nations

Partition Resolution that served as the international legal basis for the creation of Israel.

Close to a hundred countries have now recognized the State of Palestine. The United States, on the other hand, has set itself sharply in opposition to this emergence of a Palestinian entity, threatening to cut off funds to U.N. agencies that accept Palestine as a member state. But as a recent Rand Corporation report commissioned by the Defense Department maintained, sooner or later there will be a Palestinian state. The United States should relax its opposition to it, thus indicating that U.S. attitudes are open and that they can be affected by the specific character of the entity being developed. The United States should make clear to the P.L.O. that if it establishes a provisional government, Washington would not be automatically hostile, depending in part upon whether the provisional government is based upon a democratic constitution that supplants the Palestinian Covenant, affirms coexistence with Israel and accepts substantial demilitarization in exchange for Israeli withdrawal.

More basically, the United States should articulate a principled definition of the conflict as a struggle between two nationalisms, each with legitimate claims to the same land. The Palestinians' right to self-determination could be recognized in principle, and the purpose of negotiations could be defined as the search for concrete ways of balancing Israel's right to security and the Palestinians' right to self-determination.

2. Speak to Israeli Insecurity. The United States must remain sensitive to the fact that security fears are widespread among the Israeli public; such fears are of major political significance. Moving toward an end to the occupation will be impossible if such fears are intensified. It would be useful if the United States laid on the table a detailed version of the kind of agreement that it envisions as capable of meeting both Israeli security needs and Palestinian national aspirations. This could play a significant role in shifting the focus of discussion in Israel from the vagaries of Palestinian intentions to the realities of acceptable security risks. In addition, the United States should state its willingness to participate in an international force that would monitor adherence to any Israeli-Palestinian peace settlement.

3. Reinforce P.L.O. Moderation. The Kissinger policy of freezing the P.L.O. out of any U.S.-sponsored diplomatic process, in effect from 1975 to 1988, obscured and retarded the evolution in P.L.O. thinking toward acceptance of the two-state solution. Eighteen months ago, when the P.L.O. satisfied the American conditions for opening dialogue, George Habash, leader of the Popular Front for the Liberation of Palestine, predicted that "this policy of unilateral concessions – of striptease" would not yield anything from either the Americans or the Israelis. Palestinians increasingly believe, with reason, that Habash's prediction was accurate. Without tangible gains, no Palestinian leadership can take the Palestinians much further than they have gone. Indeed, it will be a challenge to Yasir Arafat to maintain authority and to prevent a slide toward a grass-roots decision by Palestinians in the territories to adopt lethal tactics. The United States must demonstrate that policies advocated by Palestinian moderates can yield at least some results. One hopes that Arafat will condemn the Tel Aviv raid. If a way is found to save the U.S.-P.L.O. dialogue Washington should (a) gradually upgrade the contacts, (b) grant Arafat a visa to speak at the United Nations, (c) allow the P.L.O. to reopen its offices in the United States and (d) allow P.L.O. spokespersons normal access to the United States. Further, given the Israeli government's refusal to respond constructively to the P.L.O.'s acceptance of the two-state solution, if Washington seeks additional steps from the P.L.O., such as renunciation of the covenant or rejection of the U.N. resolution equating Zionism with racism, Palestinian political realities will require American reciprocation. For example, the United States could offer to recognize the P.L.O. as the legitimate representative of the Palestinian people unless it is defeated in a popular referendum in the territories.

4. Quash the Idea of Expelling the Palestinian People. Israel is increasingly polarized. On the left, there are those who participate in joint peace demonstrations with Palestinians. On the right, support for the expulsion of the entire Palestinian population from the West Bank has grown dramatically, and advocates of expulsion provide Shamir with his razor-thin Knesset majority. In the middle there is a crucial swing group; some of these people simultaneously voice support for negotiations with the P.L.O. and for expulsion. They simply want a solution.

The United States should address the Israeli body politic with respect to the "solutions" offered by the radical right wing. The President should state unequivocally that in the event of an attempt to expel the Palestinian population from Israel or the territories, U.S. aid to Israel would be terminated. It is important that this principle be enunciated now, while mass expulsion is not an immediate threat, in order to puncture it as an option. If the Israeli public perceives that the right wing does not have a realistic plan to offer, the public will be more disposed to look elsewhere for solutions. So long as the expulsion idea is allowed to fester, support for it will grow and it will inhibit a resolute search for a peace settlement.

5. Bring in the Arab States. American diplomacy can play a useful role in making clear to the Israeli public that peace with the Palestinians will bring peace with the Arab states. At the very least, the United States should be seeking from moderate Arab states a precise statement of how their relations with Israel will be transformed in the event of an Israeli-Palestinian settlement. In addition, working with the Soviet Union, an attempt should be made to induce both Syria and Iraq to participate in an Arab call for Israeli-Arab negotiations in tandem with Israeli-Palestinian negotiations.

6. Focus Public Attention on the Basic Issue: Land for Peace. U.N. Security Council Resolution 242 articulates two principles for resolution of the conflict. The first is Israeli withdrawal from territories occupied in the 1967 war. The second is recognition of the right of all states in the region to live in peace. This is the land-for-peace formula. It has been accepted by every American President, by the Labor Party in Israel and by the P.L.O. But Shamir's Likud Party rejects any withdrawal. There is no possibility of successful negotiations if the Israeli side refuses to withdraw from the occupied territories even if its legitimate security concerns can be met. The Bush Administration's focus on process has tended to draw attention away from this fact.

By concentrating on this issue, the United States can help to isolate the ideological right wing from those Israelis primarily concerned with security issues. The Israelis should be challenged to specify what security arrangements they would need in order to withdraw.

Israel's continuing drive to expand settlements in the West Bank and Gaza is an effort to "create facts on the ground" that will make a land-for-peace trade politically impossible within Israel. Secretary of State James Baker was correct when he called for a settlement freeze as a condition for the expanded housing loan guarantees to be extended to Israel. Unfortunately, the Administration abandoned its own position in the face of Congressional resistance.

Although not possible at present, one useful idea is to establish a trust fund into which the United States will place aid money equivalent to the amount Israel spends on settlements. Such funds would become available only upon Israel's adoption of a permanent freeze on further settlement activity. If the President is ever to have the political ability to take a tough stand on settlements, he will have to make a major effort to deepen public understanding. Presidential impotence today emerges from presidential silence yesterday.

7. Lower the Level of Violence. Any possibility of resolving the conflict will be lost if there is a major escalation of violence between Israel and the Palestinians. The recent massacre of seven Palestinian workers at Rishon le Zion is one example of the many ways in which a worsening spiral can be generated.

For whatever reason, if the Palestinians' adherence to their policy of not using guns erodes, the Israeli government will move toward the more draconian policies of Ariel Sharon. Sharon's boasts notwithstanding, his policies will not crush Palestinian resistance but will call forth tactics resembling those used by the Shiites in southern Lebanon. Such tactics will not drive the Israelis out of the West Bank but may well set the stage for expulsion.

The United States should move to lower the current level of violence, which of course takes its heaviest toll on the Palestinians. The first thing to do is to make a major issue of it. Without equating the two sides, a general call should be made identifying specific lethal practices that should be abandoned (e.g., Israelis shooting masked Palestinians and using guns in non-life threatening situations, Palestinians using gasoline bombs and killing other Palestinians). The United States should spotlight cooperation in lowering the level of violence as a criterion for judging the seriousness of either party's interest in a peace process. Washington's support for the use of U.N. observers would be a long-overdue step in focusing on events on the ground.

8. Speak Up for Civil Liberties. The United States should forcefully advocate that Palestinians in the occupied territories be accorded the full range of basic civil liberties. Respect for Palestinian civil liberties is desirable not only for its own sake but also because it will contribute to a process that will result in lower levels of violence and help produce an environment within which successful negotiations will become possible.

Respecting Palestinian civil liberties means Israel must accept the principle that the nonviolent expression of Palestinian nationalism cannot be met by force. Specifically, this means giving Palestinians freedom to display their national symbols, permitting nonviolent demonstrations, allowing full freedom of speech and assembly, ending the practice of arrest without charge and imprisonment without trial, and ending all forms of collective punishment.

9. Promote Grass-Roots Israeli-Palestinian Dialogue. Dialogue between Israelis and Palestinians contributes to the prospect of peace in a variety of ways. It facilitates a more normalized political environment; it promotes the humanization of the other and a greater awareness of the moral complexity of the conflict; and in some cases it leads to the development of bonds of trust and friendship that will be supportive not just of negotiations but of a lasting peace.

Today there are limited but important people-to-people efforts. Israelis have made visits to Palestinian villages, and Palestinians have entered Israel to meet Israelis in their homes. But such contact has involved only a few hundred Israelis and Palestinians; when it reaches the level of thousands, it will take on greater political significance.

The United States should give 1 percent of U.S. economic aid to Israel—about $12 million—directly to nongovernmental organizations to support such activities, which could include dialogue groups, teams of Israeli and Palestinian academics working on technical issues (e.g., water rights and resettlement of Palestinian refugees in the West Bank and Gaza), brigades of young people to replant uprooted olive trees and burned pine forests and groups of educators to develop school curriculums designed to give each side a better understanding of the other's point of view, and of its history and culture. In addition, Washington should call on all parties not to impede any efforts at dialogue, including meetings by Israeli citizens with the P.L.O., which are now a crime for which a number of Israelis have been prosecuted.

Given Israel's drift to the right, increasing Palestinian frustration and the danger of further deterioration, the United States must pursue an activist policy. In many instances these proposals can be implemented without the prior consent or cooperation of other parties. None of these proposals will by itself transform the situation. Taken collectively, however, they will exert a strong influence on the underlying political environment, which must be changed if a durable peace is ever to be reached. ☐

STATEMENT OF ANDREW E. MANATOS, ON BEHALF OF THE UNITED HELLENIC AMERICAN CONGRESS

Mr. Chairman, I am here today on behalf of the United Hellenic American Congress, the American Hellenic Alliance, the Pancyprian Association of America, and the Hellenic American Council of Southern California.

This year, as the Senate Foreign Operations Subcommittee again considers legislation that will affect American policy toward Cyprus, Greece, and Turkey, you should know that the situation in those countries has changed drastically from one year ago. Last year, there was great concern about American military aid to Greece in the so-called pipeline which had not yet been committed to expenditure. As you know, the pipeline problem has been addressed by the new government of Greece and those funds are being expended at a very rapid rate so that the amount in the pipeline has been diminished to the degree that it is no longer a concern of our policy makers.

The new government of Greece has signed our bases agreement and America's security interests in the Eastern Mediterranean as protected by these strategically located bases on the island of Crete, Greece are protected well into the future. Also, the new government's handling of the suspected terrorist, Mohammed Rashid, has met with the satisfaction of American observers. And, as you know, very soon after the new government was elected, Greece accorded the state of Israel full diplomatic recognition. In short, relations with Greece have very rapidly returned to the very positive state they have been for centuries.

There have been other very positive developments for American interests in this part of the world. Unlike other parts of the budget where the search for the peace dividend brought great frustration, Congressman David Obey, chairman of the House Foreign Operations Subcommittee, found a $100 million savings which could be made without causing problems for American interests. The half a billion dollars a year in military aid which had been going to Turkey because it has the longest border of any NATO nation with the Soviet Union served itself up well as a place for great savings. The Congress has, as you know, for many years been very uncomfortable with the fact that the large amounts of arms we send to the country of Turkey have been deployed in their illegal occupation of the Republic of Cyprus. The Congress was further bothered by the fact that hundreds of millions of dollars worth of American military equipment was deployed opposite the islands of our NATO ally Greece instead of on Turkey's border with the Soviet Union. Further recent concerns have developed regarding Turkey's use of American military arms against one-fifth of their country's population, the Kurdish people. There have even been questions raised about Turkey's use of American military equipment to qualify themselves as Amnesty International's top five human rights violators.

This year's change in the Soviet Union and the Warsaw Pact enabled the House Foreign Operations Subcommittee to reduce aid to Turkey by $100 million since the threat from the Warsaw Pact and the Soviet Union no longer exists. The reality of the decline of Turkey's strategic importance to the west was noted recently by Turkish President Ozal. The Federal Broadcast Information Service reported on July 17, 1990 that, "Ozal told a news conference that Turkey had been an important NATO ally defending the Atlantic alliance's southeastern flank during the cold war period, but now he said, the Warsaw Pact was disintegrating and a Soviet threat no longer continued."

A development of some concern among Cyprus, Greece, and Turkey, occurred with respect to the settlement of the Cyprus issue. Cyprus President Vassiliou continues his extraordinary efforts to cooperate with the government of the United States, the United Nations, and other countries of the world in an effort to find a settlement to the Cyprus problem which will be just and fair to the Greek-Cypriots as well as the Turkish-Cypriots. At the United Nations earlier this year, the Turkish-Cypriot leader Rauf Danktash, with the full backing of the government of Turkey, refused to cooperate with the United Nations by participating in the peace talks within the parameters laid out by the U.N.. Following the disappointing break off of those talks, the following people and organizations expressed their dissatisfaction with the actions of the government of Turkey and the Turkish-Cypriot leader: the European Parliament, the Interparliamentary Union, the United Nations Security Council, British Prime Minister Margaret Thatcher, the House Foreign Affairs Committee of the United States Congress, numerous members of the House and Senate, the Atlanta Constitution, Mr. Ozker Ozgur, Leader of the Turkish-Cypriot Opposition Republican Turkish Party, and many others.

Unlike previous years, the path for Congress to take is today very clear. We must send a very clear signal to the people of Greece that their extraordinary sensitivity to American interests will be reciprocated through American foreign policy and that their centuries old friendship and sacrifice for the United States does not go unappreciated. We can respond in a way that will solidify positive feelings in Greece toward the United States and help erase the memory of American foreign policy blunders involving our recognition of a brutal Greek junta and our unwillingness to stop the vicious Turkish invasion of Cyprus.

We must communicate to the people of Cyprus that we have not abandoned their valiant effort to bring down the last so-called Berlin Wall in the world -- the wall which separates the country of Cyprus. We must also communicate to the Turkish-Cypriots and to the government of Turkey that the world situation has changed and that security concerns of the Cold War which caused us to overlook many misuses of American arms and American foreign aid are no longer existent. Turkey must make a choice of either using American foreign aid in support of America's interests and policies or forego such aid. In these circumstances, the Foreign Operations Subcommittee must reduce Turkish aid by at least $100 million this year.

If the Foreign Operations Subcommittee acts judicially with regard to American aid to Cyprus, Greece, and Turkey, problems that we have had in that part of the world can be greatly diminished and American foreign policy, as well as America's budget, can be greatly enhanced.

STATEMENT OF REV. THOMAS O'BRIEN, ASSOCIATE DIRECTOR MARYKNOLL MISSIONERS JUSTICE AND PEACE OFFICE

Mr. Chairman, I am grateful for this opportunity to present to this committee some recommendations concerning United States policy toward the Philippines, particularly with regard to military aid. I am a Maryknoll Missioner who served in the southern Philippines on the island of Mindanao from 1974 until 1989. Currently I am Associate Director of Maryknoll's Justice and Peace Office here in Washington. I am also a member of the Steering Committee of the Church Coalition for Human Rights in the Philippines (CCHRP), an ecumenical organization of churches and religious congregations concerned for justice, peace and human rights in the Philippines.

I want to share with you the concern not only of Maryknoll and CCHRP but also of growing numbers of Filipino churchpersons that the entire direction of United States policy toward the Philippines needs to be altered. It is our shared perception that United States policy, particularly our provision of large amounts of military aid to the Philippine government for counterinsurgency purposes and our desire to retain long-term access to military bases in the Philippines, is contributing not toward peace and equitable economic development but rather toward prolongation of war and toward continuing poverty and inequality.

The Philippines is being devastated by the twenty-year-old war between the Philippine government and the National Democratic Front (NDF) revolutionary movement and its New People's Army (NPA). Though the rise to power of the popular Aquino government in 1986 raised hopes for peaceful resolution of the conflict, the collapse in 1987 of short-lived peace talks led the Aquino government to declare "total war" against the NDF. Since then, the war has greatly intensified, with devastating impact on Filipinos living in the war areas.

Government forces have bombed and strafed villages suspected of harboring NPA guerrillas, resulting in the evacuation of tens of thousands of people. The government's own Department of Social Welfare and Development reported nearly 500,000 people displaced due to counterinsurgency operations from 1987 to 1989. Search-and-destroy operations, such as one on the island of Negros in 1989, have resulted in forced evacuation of thousands of people at a time and the deaths of children in poorly-provided-for evacuation centers. Government population-control tactics such as forced regrouping of houses and resource-control tactics such as food blackades cause extreme hardships for civilians in the war zones.

Villagers who refuse to evacuate, or who attempt to return after temporary evacuations, are often suspected of being rebel sympathizers and, as a consequence, have been ill-treated, "disappeared" or killed by government or government-backed forces. Such reprisals appear to be driving more and more Filipinos to support the revolutionary movement. The casualty toll among civilian non-combatants has mounted. The Armed Forces of the Philippines (AFP) reported 1006 civilians killed among the more than 4000 Filipinos who lost their lives in the war during 1988. The war also hinders delivery of badly-needed social services, and delays socio-economic development efforts. Despite AFP claims that it is winning the counterinsurgency war, there is no end in sight to the suffering and destruction that the war is causing Filipinos.

The increasing destruction and suffering caused by the war and the likelihood of a protracted war of attrition have led to repeated calls from the Catholic Bishops Conference of the Philippines (CBCP), the National Council of Churches of the Philippines (NCCP) and other church groups for both the government and the NDF to abandon their military approaches and to pursue a negotiated political settlement. Church leaders and other responsible Filipinos more and more reject the idea that the country's problems can be resolved by war.

There is also a growing grassroots movement for peace. Creative ways to promote peace have been proposed by groups from across the political spectrum, among them the Coalition for Peace (CFP), an organization of community leaders, churchpersons and others. The CFP attempts to facilitate the creation by communities in war-torn areas of "Zones of Peace" from which armed AFP and NPA troops would be barred. At first, neither the AFP nor the NPA were responsive to "zones of peace" proposals since they would interfere with military operations, but in some areas both sides have had to accomodate demands of determined local communities. Zones of Peace supported by both church and local government leaders have now been established in at least three provinces.

Criticism of the war has also come from within the government. The Committee on Justice and Human Rights of the Philippine Senate called on the Aquino government in April to recall its "total war policy" in view of continuing human rights abuses committed by the military against civilians. The Committee deplored the fact that anti-communist vigilante groups have continued to operate despite President Aquino's order for their disbandment. Church groups and local government officials have also called for disbanding the Civilian Armed Force Geographical Units (CAFGU), a 70,000 member paramilitary force organized by the AFP which has been implicated in hundreds of human rights violations throughout the country.

Despite an apparently sincere desire by Aquino to do away with human rights abuses by government forces, these have continued. Amnesty International has reported dozens of cases of disappearances in the first six months of 1990. Several of the disappeared have been found dead, apparently killed by government or government-backed forces. Others have been held incommunicado and without charges for long periods in military detention. Many of the victims have been leaders or members of lawful non-governmental organizations, including associations of urban poor, farmers organizations, trade unions and church groups which authorities have alleged to be NDF fronts. The practice of labeling lawful organizations as NDF fronts has become common in the context of the government's counterinsurgency campaign.

In this context, we believe U.S. policy should be geared toward encouraging peace rather than facilitating the continuation of the war. U.S. military aid, reduced during the final years of the Marcos dictatorship, was resumed and even increased when Aquino came in. Though military aid was supposed to assist the Aquino government to defeat the NDF and to bring about greater political stability by professionalizing the abusive AFP, neither aim has been accomplished.

Provision by the United States of military aid has encouraged and strengthened those in the AFP who are pushing for a military solution. Many believe that the Aquino government would be more serious about pursuing a negotiated political resolution of the conflict were it not for strong opposition from the AFP which rejects any negotiations that might lessen the momentum of its counterinsurgency drive. Though both the government and the NDF have indicated openness to resumption of peace talks, there has been little government response to several recent NDF offers to resume negotiations.

Provision of military aid has also served to increase Philippine political instability by strengthening the political influence of the AFP. U.S. military aid and training programs have not been successful in transforming the AFP into a disciplined and professional force willing to submit to civilian authority. The AFP remains seriously factionalized. The December 1989 coup attempt by factions of the AFP almost succeeded because significant numbers of AFP officers fence-sat until near the end. The threat of a successful coup continues, in part because many AFP officers apparently believe the U.S. will continue to provide aid and support to a military-dominated government as long as that government will guarantee access by the United States to military bases in the Philippines.

It is a widely-shared perception among Filipinos that the reason for U.S. support for the counterinsurgency war is to preserve access to these military facilities. This is one reason for the recent growth of anti-bases sentiment among Filipinos. Many Philippine leaders and organizations, including many of the churches, have called for U.S. withdrawal from the bases. Whatever pro-bases sentiment does exist is more an indication of extreme Philippine economic and financial vulnerabilities than of conviction that the bases serve Philippine interests.

Given these realities in the Philippines, we believe that a new U.S. approach to the Philippines is needed. We believe that a constructive disengagement from the military-based relationship that has characterized U.S.-Philippine relations until now is needed. This relationship has served only to perpetuate crisis in the Philippines by fostering the militarization of Philippine society, human rights abuses, a power-hungry military establishment, slowing of social reforms and overall political instability.

We oppose any policy that leads our country to provide arms when provision of the right sort of economic assistance could remove the root causes of revolution. Such an approach would ultimately be less costly to the United States, less destructive to the Philippines, and would form the basis for a new relationship based on a common quest for peace and equality rather than a military relationship.

The rapidly changing world scene, particularly the the lessening of tensions between the United States and the Soviet Union and the political transformation of Eastern Europe, requires a reassessment of U.S. foreign policy priorities and foreign aid programs. We believe that the reduced Soviet threat make overseas bases less necessary for defense of the United States, and that our country can no longer afford to maintain such a heavy overseas military presence when scarce resources are needed to respond to pressing domestic needs. Withdrawal from these bases could facilitate an all-around demilitarization of the Asia-Pacific region and also reciprocate recent Soviet force reductions in Asia-Pacific.

We recommend that all military aid to the Philippines be terminated but that development assistance be continued and even increased. This could shorten the war considerably by helping to create the necessary conditions for the two sides to resolve the conflict on their own, through negotiations, without outside intervention or interference. Shifting from security assistance to development assistance could faciiitate the type of equitable economic development that would lessen the poverty and inequality that are the root causes of rebellion. The primary goals of U.S. aid should be poverty alleviation, expansion of opportunity for people to participate in decisions affecting their lives, protection of the environment and peaceful resolution of conflict.

We recommend that, if any military aid is provided, it should be conditioned on serious moves by the Philippine government and the NDF to resume negotiations aimed at reaching a political rather than military solution to the war, on a halt to counterinsurgency tactics such as indiscriminate bombing of populated areas, forced evacuations of civilians and food blockades, and on significant reduction of human rights violations by government forces.

STATEMENT OF DR. J. LAWRENCE APPLE, CHAIR, INTERNATIONAL COMMITTEE ON ORGANIZATION AND POLICY

Thank you, Mr. Chairman and members of the committee; I appreciate the opportunity to testify before you as your committee grapples with the difficult tasks of establishing funding priorities for foreign operations accounts.

As you know, Mr. Chairman, state universities and land-grant colleges have had a long history working with the federal government to assist in carrying out U.S. policy mandates established by Congress and the President. We believe that our university experiences working with developing countries and institutions through the Agency for International Development, and other government agencies, offer a strong base for future collaboration on existing and new initiatives throughout the world. We have helped create much needed capacity abroad and made discoveries of mutual benefit to foreign countries and U.S. food and agriculture production, helping to improve agriculture production and food security throughout the world.

The changes that have occurred just in the past year call for new approaches in our assistance programs. In many situations we must move from technical assistance relationships to long-term development projects based upon mutual benefit. Our universities are well prepared to meet the challenges of the changing world, and we offer our talents to work as partners with all sectors of the federal government. We applaud the actions taken by Congress and the President to assist emerging democracies in Eastern Europe and Central America. The continuing shifts in international events present the United States with a unique opportunity to expand its international participation. We should position ourselves to play an active role in both new and continuing international development efforts.

We believe, however, that it is important to remember that the United States has had long-standing commitments in areas of the world such as Africa and Asia that are not making page one news at the moment. These programs, which have already seen a net decrease in federal spending, are now being further reduced in an effort to supply money for newly emerging democracies.

I would urge you, Mr. Chairman and members of the committee, to remember these long-standing commitments when funding decisions are made. Continually underfunding these programs substantially increases the likelihood that countries who rely on AID programs for basic needs will become the crisis areas of tomorrow. In the long run, they could well require more funding to alleviate a crisis than if adequately funded programs had been sustained. This type of "crisis-to-crisis management" undermines the basic premise of U.S. assistance. To be sure, the United States should be able to respond to worldwide crises; however, our traditional role in foreign assistance has gone beyond crisis alleviation to building in-country institutions and improving their capacity for self-reliance and trade.

We are especially concerned about the Administration's budget request that calls for a $63.2 million real dollar decrease in the Agriculture, Rural Development and Nutrition Account over fiscal year '89 levels, the last fully funded year for these accounts, and a $57.1 million decrease over current year post Gramm-Rudman-Hollings sequestration levels.

Further budget pressures come from the agency's de-emphasis on agriculture programs. Government-funded studies have consistently shown that a sustainable food supply is a necessary foundation in order for any society to raise its standard of living and compete in international markets. Yet, the Agriculture, Rural Development and Nutrition Account is now less than 39% of the functional budget, compared to 54% in 1983. The results of these further spending cuts are that fewer agriculture and nutrition programs will be implemented and those that are will see their effectiveness decrease markedly.

At a time when more and more of the world's population relies on a shrinking amount of food, basic assistance accounts such as this should be a priority. The sustainability of agricultural research, extension and educational institutions in much of the developing world has been jeopardized within recent years through the loss of staff and dwindling budgets. Their program capabilities and quality have declined as AID has retrenched from institutional development programs. Because agriculture programs are the most essential element in any successful development assistance project, we recommend, Mr. Chairman, that the committee restore funding for the Agriculture, Rural Development and Nutrition Account at least to its 1989 level of $487.7 million, so that needed programs can once again have a meaningful impact on hunger and the world food supply.

We appreciate your support in last year's bill for the formation of a new Sustainable Agriculture and Resource Management Collaborative Research Support Project or CRSP. The planning of this new CRSP is underway. The CRSP program is one of the most beneficial, cost effective programs run by AID. The CRSP model has received widespread commendation and is recognized for its success in developing mutually beneficial collaborative research between U.S. and developing country institutions. Until FY '86 CRSP funding from AID was running annually at nearly $20 million. Funding cuts, however, have trimmed AID's contribution to around $14 million. If the Sustainable Agriculture CRSP is to become a reality and the existing CRSPs are to continue their work, funding will have to be increased.

We recommend that funding for collaborative research support programs be increased by adding $10 million over FY '90 allocation levels. Approximately one-third of this amount would be used to fund the Collaborative Research Support Program in Sustainable Agriculture and Resource Management recommended in the FY '90 reports of the House and Senate Appropriations Committees. The balance would be used to augment ongoing collaborative research support programs so that CRSPs may deal with the challenge of developing sustainable agriculture systems in developing countries.

In addition, on behalf of U.S. universities, I would like to thank you for your support for Debt-for-Development in the FY '90 legislation. There have been a number of successful Debt swap transactions to leverage resources for development programs. We are asking that this committee confirm the debt-for-development authority for USAID and to continue the interest waiver provisions.

The Debt-for-Development Coalition — which incorporates the National Association of State Universities and Land-Grant Colleges, as well as similar umbrella groups for U.S. cooperatives, private voluntary organizations, and the international agriculture research centers — is now working with counterpart organizations within debtor countries to forge productive people-to-people development programs. By using debt swaps, the limited resources available for funding these programs can be leveraged to greatly enhance mutually-agreed upon development programs in education, agriculture, health, environment, housing, research and rural development.

The Coalition offers an effective forum to carry on these negotiations on behalf of not-for-profit organizations with government and policy officials here and in targeted countries in Latin America, Africa and Asia. Current efforts include activities in Mexico, Costa Rica, Brazil, Argentina, Bolivia, Ecuador, Venezuela, Jamaica, Ghana, Nigeria, Zambia and the Philippines. We ask for your continued support.

I would like to stress, Mr. Chairman, that our universities are not here as just one group out of many that comes to Congress annually to ask for more funding. We have had a long history in working with Congress, AID and other agencies to solve the problems of international development. Together we have made a major impact on the developing world. We offer these recommendations in the spirit of that cooperation and as a reminder that much work remains to be done in areas both old and new. Our institutions stand ready to assist the Congress and AID in meeting the changes of the future.

STATEMENT OF DR. RUSSELL E. MORGAN, JR., PRESIDENT, NATIONAL COUNCIL FOR INTERNATIONAL HEALTH

Chairman Leahy, members of the subcommittee, I am Russell Morgan, President of the National Council for International Health (NCIH). Thank you for the opportunity to present testimony today on NCIH's views of the role of international health in our country's foreign assistance program. NCIH is an organization with more than 160 organizational and 2,000 individual members who are actively involved in working with developing countries in helping to improve their health, population, nutrition and water and sanitation programs.

We have recommendations in five areas: Child survival (including nutrition), AIDS, population, popular participation in the development process, and women in development.

1. CHILD SURVIVAL

The first Summit on Children will be held in New York in September 1990. Over 50 heads of state, possibly including President Bush, will attend. It is hoped that the leaders of the world will make an effective commitment to improving the situation of the world's children. NCIH proposes that Congress undertake a child survival initiative for 1990 that would contribute to child survival efforts, reaffirm its own support for child survival efforts, and provide President Bush with a concrete demonstration of U.S. commitment that he would take to the Summit on Children in September. We believe that the funding levels in the House bill for the Child Survival Fund ($100 million), the A.I.D. health account ($135 million) and UNICEF ($75 million) demonstrate this commitment. We would also like to suggest several other steps the Committee could take to improve the child survival effort, which are set out below.

A Child Survival Proposal

In addition to the funding increases proposed above, NCIH believes that U.S. and world child survival efforts would be improved by adoption of the following recommendations.

Evaluation. There are a number of reasons why this year should be a year of assessment and discussion of child survival, and a Congressional call for such assessment should contribute to its success. This is the last year for the worldwide immunization campaign which has been so successful in raising immunization levels. Assessment of its results and provision for its continuation is essential. There has also been considerable experience with ORT initiatives, and evaluation would be valuable, since progress in several other areas depends, like ORT campaigns, on increasing public knowledge. It is also a time for choosing new directions for child survival. Analysis of these directions is necessary to maximize the use of scarce resources.

A.I.D. Malnutrition, as a cause of children's death and ill health, has not been well addressed in the 1980s. There is reasonable consensus among nutritionists about the correct steps to take. Underweight mothers and children should be targeted for supplemental feeding. The mortality rate for underweight children is twenty times greater than normal. Other elements should be included as well, including nutritional supplements such as iron, and basic health services, such as immunizations against neonatal tetanus. A.I.D.

should be the leader in this area, both because it has done innovative work in nutrition in the past, and because the U.S. food assistance program is the world's largest. There have been efforts to address the problem in the PL-480 program, but these efforts can be greatly improved.

NCIH proposes that A.I.D.: increase targeting of malnourished children and mothers for feeding programs; (gradually) increase funding for these feeding programs using resources from less valuable PL-480 programs; provide more technical assistance to private voluntary organizations (PVOs) who are carrying out the feeding programs including nutritional assessments; integrate child survival and nutrition programs.

WHO. WHO has a number of extremely important programs for children, including the Expanded Program on Immunization (EPI), the Control of Diarrheal Disease program (CDD), and the Acute Respiratory Illness Control program (ARI). Approximately one third of these programs are used for research, especially applied research, and the remainder for technical and other forms of assistance to countries, principally developing countries. It was the Expanded Program on Immunization which laid the groundwork and provided much technical support for the worldwide immunization drive. The ARI program, established in the early 1980s, is now helping countries formulate and carry out their attack against acute respiratory illness, particularly pneumonia, a leading cause of child mortality. It is a program which should be larger. The CDD program is making important progress in promoting ORT and measures to prevent diarrhea such as breastfeeding and hygiene. These programs depend in large part on voluntary contributions, and WHO is having some difficulty in raising funds for these programs' 1990-91 budgets, which in total are $35 million.

The U.S. has not been a major voluntary contributor to these programs, contributing only $1 million this year. NCIH believes that A.I.D. should consider increasing its voluntary contribution to WHO.

2. THE AIDS PREVENTION AND CONTROL FUND

AIDS is a significant problem in developing countries. The U.S. has made an important contribution to developing country efforts to combat the spread of AIDS through its AIDS Prevention and Control Fund, administered by the Agency for International Development. NCIH recommends that $50 million be provided to A.I.D.'s AIDS Prevention and Control Fund for 1991, and that WHO receive half of this amount.

AIDS in Developing Countries

Over 5 million people worldwide are infected with the Human Immune Deficiency Virus (HIV), which carries a high risk of developing into full blown AIDS. Over two-thirds of those who are HIV infected are in third world countries. WHO estimates that the number of HIV infected people worldwide will double by the turn of the century. There are many countries, principally in Africa, where HIV/AIDS is a more severe health problem than in the United States. By 1989, all countries were aware of the global dimensions of HIV/AIDS and its extensive social and economic implications. National AIDS program development had begun in over 150 countries. Yet there are two major problems to combatting the spread of AIDS according to WHO: the lack of resources and health infrastructure in many countries, principally developing countries, and the difficulty in modifying social behaviors that contribute substantially to the spread of AIDS, such as drug use, prostitution, and resistance to "safe sex" practices.

The AIDS Prevention and Control Fund

The Fund is the principal way in which the United States contributes to combatting the spread of AIDS in developing countries. It was established by Congress in 1987. For FY 1990, $21 million of the Fund was used for A.I.D.'s own program of AIDS assistance, and $21 million went to support WHO's Global Program on AIDS (WHO/GPA). We are happy to say that both programs recognize the importance of PVOs in the fight against AIDS, and that A.I.D., in particular, has made effective use of the PVO community's abilities.

A.I.D.'s bilateral program supports the efforts of developing country governments and non-governmental organizations. A.I.D.'s program emphasizes three things. Through its AIDSCOM project it assist countries to inform people of the dangers of AIDS, and in ways which will most contribute to modifying dangerous behavior. Secondly A.I.D. helps countries to strengthen technical capacity in a variety of areas, such as screening for the AIDS virus. Finally, it supports research efforts in a variety of areas, such as tests for AIDS that are simpler to carry out.

WHO/GPA. WHO has the lead role in the international fight against AIDS. WHO provides technical assistance in a wide variety of areas, for example, helping countries set up blood screening programs or conducting surveys to determine the prevalence and modes of transmission of the AIDS virus. It helps countries to share information. Africa in particular is a region where WHO must continue to strengthen its own, and that of its member countries, AIDS efforts. The U.S. contribution has been vital in enabling WHO to expand substantially its work on AIDS.

Both AID and WHO should be commended for their efforts to collaborate with private voluntary organizations in the campaign to prevent AIDS. Nonetheless, both AID and WHO need to continue and intensify their efforts. As the AIDS crisis continues to worsen in many developing countries, nongovernmental, community-level organizations will be increasingly called on to provide services of information, prevention, care of the sick and of families afflicted by the loss of parents to AIDS. These efforts need to be as strongly supported as possible by A.I.D. and WHO.

3. FAMILY PLANNING

This decade will see 900 million more people born into the countries of the developing world. The hopes that the world's population will stabilize (at 10 billion!) are threatened by the simple fact that most women in developing countries still do not have access to family planning. **NCIH recommends that funding for population activities be increased to $250 million this year, with a goal in the not too distant future of $500 million, and that funding be restored for the United Nations Population Fund (UNFPA) and International Planned Parenthood.**

Up to 75% of women of child bearing age in developing countries want to delay or limit child-bearing yet 60 percent of these women (excluding China) do not have access to contraceptive methods. In as many as 25 African countries, 40% of women have their first child before age 18. Family planning allows women to choose when to have children, as well as increasing the likelihood of healthy pregnancies brought to full term.

The absence of family planning also has a profound impact on the health of women around the world. If a woman starts child bearing early or if the births are closely spaced, she faces an increased risk to her health and life. Maternal morbidity is estimated to be the first or second leading cause of death among women of reproductive age in developing countries. The most common maternal health problems include obstructed labor and ruptured uterus, postpartum hemorrhage, eclampsia and complications from incomplete abortion. In Latin America, problems from illegal abortions account for as much as 30-40% of maternal deaths, and this is increasingly true in Africa as well. The World Health Organization estimates that 500,000 women die each year from pregnancy-related causes, more than 98% of these deaths occurring in the developing world. Many of these deaths could be averted by contraceptive use.

4. WOMEN IN DEVELOPMENT

NCIH believes that U.S. development assistance needs to reach women in developing countries because of women's crucial role in agricultural production and their central role in other activities such as family health. Women in developing countries are still far from receiving a reasonable share of the benefits of development or of development assistance. NCIH will devote its annual conference next year to examining women's health problems and setting forth recommendations which we hope will spur greater efforts to alleviate the very serious health problems which women face.

We are pleased to say that Women in Development initiatives at A.I.D. have increased over the last several years, partly due to Congressional interest in this matter and seem to be at the point of making a significant impact in A.I.D.'s development assistance program. The $3 million program that is used by the A.I.D. Women in Development office to leverage efforts by the country missions and regional bureaus to do a better job in assisting women in developing countries is having this effect. On the other hand, NCIH was shocked to see that the Administration has requested no funding at all for UNIFEM and INSTRAW, the two U.N. agencies that focus on women in developing countries. **NCIH recommends that the funding for the A.I.D. matching program be increased by $2 million; that funding for UNIFEM be increased to $2 million; and that funding for INSTRAW be increased to $500,000.**

5. DEVELOPMENT AGENCIES AND GRASSROOTS ORGANIZATIONS

Local groups in developing countries have become important in the development process. They are a key element in improving democratic processes in developing countries, as these organizations are democratically organized and provide people with a greater ability to deal with governmental institutions. In spite of the acknowledged importance of local groups, international aid agencies are not working very effectively with them, though there has been progress. Resources directed toward a small scale, local approach to development are minimal, in comparison with the resources provided to developing country governments. For example, the Inter-American Development Bank's (IDB) total lending and grant program is $2,327 million for 1988, making its small projects program a few tenths of one percent of its total program.

NCIH recommends that $25 million be provided to IAF and $13.5 million to ADF, as these are two agencies whose mission, undertaken successfully, is to work with grassroots groups, and that a section of the foreign assistance appropriations report be devoted to assessing the issues and progress in aid agency collaboration with local groups.

Our own contribution to this evaluation follows.

Collaboration with Grassroots Organizations

The World Bank has made a significant effort in the last three years to increase its collaboration with grassroots organizations, or non-governmental organizations (NGOs) as they are sometimes called. A review of Bank financed projects which involved NGOs found that such projects comprised approximately 5% of all projects between 1973 and 1988. In 1989, that figure rose to 22%. Since these projects were small, the percentage of total project spending was much lower, less than an estimated 5%. Nevertheless, according to a Bank report, the Bank is coming to realize that NGOs are vital channels of local knowledge and experience whose input succeeds in making the Bank's policies in Third World countries more relevant and more effective.[1]

The Inter-American Development Bank, through its Small Projects Program, does collaborate with grassroots organizations. From 1978, when the program was established, until 1988, when it was reviewed, the program has provided more than $72 million for local development efforts in a wide range of sectors. The primary purpose of this program is to assist the lowest socio-economic sectors which are without recourse to regular credit mechanisms.[2] However the IDB has not expanded the program in spite of demands for assistance from the program which far exceed funds provided for the program ($8.7 million in 1988), and considerable satisfaction within and outside of the IDB about the program.

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[1] World Bank Report #8014, Sustainable Growth with Equity: A Long Term Perspective for Sub-Saharan Africa, August 15, 1989, p.159.

[2] Ten Years of Small Projects: Bringing the Margin into the Mainstream, Inter-American Development Bank, p.5.

The Agency for International Development undoubtedly has the "best" record of working with local groups among these large aid agencies which I have discussed. A.I.D. does not work with local groups directly, but through the assistance it provides through U.S. NGOs. A significant fraction of A.I.D.'s assistance does reach the local community and in ways that involve significant community participation and decision making. For example, food assistance provided through Catholic Relief Services in Latin America is a project of the Catholic Church of the particular country and not of Catholic Relief Services. This is not to say that efforts to assist local organizations through U.S.-based NGO's should not be strengthened. Much more can and should be done. A.I.D.'s Africa Bureau has commissioned a study on how this might be accomplished in Africa.

STATEMENT OF DOUGLAS JOHNSON, LEGISLATIVE DIRECTOR, NATIONAL RIGHT TO LIFE COMMITTEE

"Where abortion remains illegal, many groups place a high priority on lobbying for reform." **Planned Parenthood Federation of America advertisement urging that Congress overturn the Mexico City Policy, The New York Times, Feb. 6, 1989, p. A15.**

"The implementation of the policy [in China] and the acceptance of the policy is purely voluntary. There is no such thing as, you know, a license to have a birth and so on." **Dr. Nafis Sadik, executive director of the U.N. Population Fund (UNFPA), CBS Nightwatch, November 21, 1989.**

"Weakening of the Mexico City Policy would result in renewed U.S. funding of organizations which promote abortion, or which campaign to legalize abortion as a method of family planning in less-developed nations. Moreover, for the United States to restore funding to the UNFPA, so long as the UNFPA supports the coercive population control program referred to above [in China] would be a signal that the United States is not serious about supporting only voluntary family planning... As I said in 1989, I strongly support population assistance, so long as U.S. funds are directed to those organizations which promote contraception, rather than those which condone or encourage abortion or coercive measures. The Lehman and Mrazek Amendments would weaken the pro-life Mexico City Policy and the Kemp-Kasten anti-coercion law, and I will be forced to veto H.R. 5114 if any such language is included in the bill as presented to me." **President George Bush, June 26, 1990 letter to The Honorable Mickey Edwards.**

NRLC is the nation's major pro-life organization, comprised of some 3,000 local chapters. We appreciate this opportunity to submit testimony regarding abortion-related issues which will be debated on the Fiscal Year 1991 foreign operations appropriations bill (HR 5114).

NRLC strongly believes that U.S. population assistance, from whatever U.S. Agency for International Development (USAID) accounts it is drawn, must continue to be governed by the Reagan-Bush "Mexico City Policy," and by the "Kemp-Kasten Amendment" which has been carried on this bill since 1985. Prior to the adoption of these policies, the U.S. was the major source of funding for an international network of private organizations which are committed to the legalization and promotion of abortion in less-developed nations.

NRLC's organizational mission is to defend the right to life of human beings who are threatened by abortion, infanticide, or euthanasia (these three issues being, in our view, closely related legally and ethically). NRLC takes no position on contraception, and therefore we neither support nor oppose the population assistance program in principle, so long as there are adequate restrictions in place to insure that the program does not support organizations which promote programs of abortion or compulsory abortion, either with U.S. funds or any other funds.

By the same token, so long as the population assistance program continues to be governed by the Mexico City Policy and the Kemp/Kasten Amendment, NRLC takes no position on what the funding level for the program should be (as I testified before this subcommittee on July 11, 1989, in response to a question from Senator Harkin). In contrast, if one or both of these policies is weakened or nullified, the program would again become a major source of support for organizations which promote programs of abortion and/or compulsory abortion.

THE MEXICO CITY POLICY

The Mexico City Policy denies eligibility to private organizations "which perform or actively promote abortion as a method of family planning in other nations." The contract used by USAID to implement the policy permits U.S.-funded organizations to support abortion to save the life of the mother, or in cases of rape and incest. Those organizations which are willing to provide contraceptives, natural family planning training, or other non-abortive methods, and to refrain from performing or promoting abortion or lobbying for abortion, are eligible. But organizations which insist on campaigning to repeal the anti-abortion laws of developing countries, or on including abortion as a birth-control "option" in their programs, are not eligible.

Prior to 1984, the only significant abortion-related restriction on USAID population assistance funds was the 1973 Helms Amendment to the Foreign Assistance Act, which prohibits the direct use of U.S. funds "to pay for the performance of an abortion as a method of family planning or to motivate or coerce any person to practice abortions," and the 1981 Biden Amendment, which placed some restrictions on funding of research on abortion methods. The Helms provision was narrowly construed, and it did not greatly inhibit the promotion of abortion by private organizations which were heavily dependent on U.S. funds.

For example, prior to 1984, The Pathfinder Fund sent out letters boasting of its effectiveness in introducing abortion services into less-developed nations in which abortion had previously not been available-- generally because of illegality-- while simultaneously receiving 90 percent of its annual budget from USAID. As the Fund noted in a fundraising letter from that era, "the offering of pregnancy termination services seemed an excellent way to introduce family planning." Ostensibly, the actual "performance of abortions" was being paid for with the 10% of the organization's budget received from non-USAID sources.

The single biggest U.S.-funded entity promoting abortion in the Third World was the London-based International Planned Parenthood Federation (IPPF), which in 1984 received $17 million-- approximately one-quarter of its total budget-- from USAID. IPPF is one of the two major organizations which have refused to comply with the Mexico City Policy, the other being the Planned Parenthood Federation of America (PPFA), which has its own overseas division, called Family Planning International Assistance (FPIA). FPIA, which is almost entirely funded by USAID, has continued to receive funds pending resolution of a lawsuit filed by PPFA challenging the Mexico City Policy.

It is important to underscore that, according to USAID (June 25, 1987 letter), the Mexico City Policy "has not reduced our total family planning assistance by even one dollar. The withheld funds were reprogrammed to support other family planning programs." According to USAID, 300 subgrantees are conducting approximately 700 projects in about 70 nations under the terms of the Mexico City Policy. That is, these 300 entities have agreed to provide contraceptive services without providing abortion (except to save the mother's life, or in cases of rape or incest), and without campaigning to legalize abortion.

The major organizations which refuse to comply with the policy-- IPPF and PPFA-- both regard abortion as a "fundamental human right." Both organizations have made it clear that they believe they have a mission to assist in the legalization of abortion in less-developed nations. Both organizations go so far as to argue that it would violate their "principles" to accept the U.S. requirement that they stick to promoting contraception and refrain from promoting abortion. PPFA officials have expressed this "principle" in an organizational slogan: "Reproductive Rights Are Indivisible."

The PPFA/IPPF view of abortion is far removed from the view reflected in the laws of most developing nations. According to a 1984 U.N. report, abortion for social reasons is legal in only 13 out of 126 nations classified as "less-developed" by the United Nations. Pro-abortion critics of the Mexico City Policy note that some of the other 113 nations allow abortion in certain circumstances broader than the terms of the Mexico City Policy. However, most of these laws would be described by the press as "severely restrictive" if they were enacted by one of our states, and most are far closer to the Mexico City Policy conditions than they are to the PPFA/IPPF position in favor of unrestricted access to abortion. In any case, the U.S. must make its own determination of where it wishes to draw the line for the purposes of establishing eligibility for U.S. funding. Organizations which feel compelled to promote abortion as a method of birth control remain free to do so, but they thereby render themselves unworthy of U.S. support.

In a landmark 1980 study of population assistance programs, Donald P. Warwick of the Harvard Institute for International Development wrote that IPPF "has in word and deed been one of the foremost lobbyists for abortion in the developing countries." Warwick also noted that groups such as IPPF violate internationally accepted principles of national autonomy when they seek to undermine anti-abortion laws.

PPFA/IPPF leaders have even urged national family-planning groups to ignore anti-abortion laws. For example, a 1983 IPPF document-- signed by PPFA President Faye Wattleton, among others-- recommended that IPPF affiliates violate "unfavourable" laws:

> "Family Planning Associations [IPPF affiliates] and other non-governmental organizations should not use the absence of a law or the existence of an unfavourable law as an excuse for inaction; **action outside the law, and even in violation of it, is part of the process of stimulating change.**" (Report of the Working Group on the Promotion of Family Planning as a Basic Human Right, to the Members' Assembly and the Central Council of the International Planned Parenthood Federation, November 1983, recommendation #106.)

(In testimony before the Subcommittee on International Operations of the House Foreign Affairs Committee on Sept. 21, 1989, Ms. Wattleton vaguely suggested that this recommendation pertained only to anti-contraceptive laws-- an implausible claim when the recommendation is read in context. See, for example, companion task force recommendation No. 108, which noted that some governments allow contraception but not abortion, and then urged IPPF affiliates to "include in their strategies the extension of the scope of this right to the greatest possible number of fertility control methods.")

PPFA argues that U.S. taxpayers have an obligation to subsidize her organization in its crusade to promote legalized abortion throughout the developing world. In an April 14, 1987 speech to the National Press Club, Ms. Wattleton forcefully expressed PPFA's position that the U.S. government has an obligation to export abortion to the citizens of developing countries. She called legal abortion "a universal human right, to which every person on this planet is entitled," and added: "Our government must increase its funding to make contraception and safe, legal abortion available in developing nations." And in an advertisement urging the abandonment of the Mexico City Policy, PPFA noted, "Where abortion remains illegal, many groups place a high priority on lobbying for reform." (New York Times, Feb. 6, 1989, A15.)

Clearly, it is inappropriate for the U.S. to subsidize organizations which undermine or defy the anti-abortion laws of sovereign nations-- laws which reflect the legal, cultural, and religious values of these nations. As USAID told Congress in 1985:

> "Abortion is a controversial issue in many countries, especially those with large Catholic or Moslem populations. The U.S. has been criticized in developing countries for its funding of groups (such as IPPF and some of its affiliates) which perform abortions with their own funds...The Administration believes that it is important to avoid the damage to U.S. interests which results from the belief that it supports abortion. A principle purpose of the [Mexico City] policy is to avoid the hostility to the U.S. resulting from U.S. identification with abortion. Where abortion services are provided by an organization of which the U.S. is a major contributor, it is unrealistic not to expect that the U.S. be identified with its activities. However, where U.S. support is rendered to a government program, there is little damage to the U.S. reputation since the issue is one of domestic politics. (USAID "Population Assistance Fact Sheet," May, 1985)

Because of its militant commitment to the legalization and promotion of abortion as a method of population control, IPPF-London has refused to conform to the Mexico City Policy, and has received no U.S. funds since 1984. It is worth noting, however, that many IPPF national affiliates apparently do not share IPPF's "abortion at any cost" ideology. IPPF-Western Hemisphere promptly agreed to the "contraceptives only" requirements of the Mexico City Policy, and has continued to receive USAID funds without interruption. Indeed, USAID this year informed Congress that 32 national affiliates of the IPPF are receiving population assistance funds directly from USAID under the terms of the Mexico City Policy.

Prior to adoption of the Mexico City Policy, IPPF and PPFA had some successes in undermining the anti-abortion laws of certain sovereign nations. Pro-abortion leaders now complain that, as a direct result of the Mexico City Policy, there has been "a near halt in the liberalization of abortion laws in third world countries" ("Abortion-Aid Cutoff Still Being Judged," The New York Times, Feb. 27, 1989, A16.) This complaint buttresses our contention that the pre-Mexico City Policy campaigns to legalize abortion in developing countries were not, for the most part, truly indigenous, but rather were inspired by international organizations such as IPPF, and were sustained directly and indirectly by USAID funds.

Most of the various legislative proposals to nullify the Mexico City Policy would accomplish that end by providing that no restrictions may be placed on the use of population assistance funds which would be inconsistent with the United States constitutional rights and/or court interpretations of the major domestic family planning program, Title X of the Public Health Service Act. The effect of such proposals would be to require U.S. funding of organizations which organize political campaigns to overturn the anti-abortion laws of sovereign nations. Moreover, these proposals would require funding even of organizations which blatantly violate the anti-abortion laws of sovereign nations, if those laws are "inconsistent" with Roe v. Wade. This could allow, for example, a U.S.-funded organization to train abortionists and otherwise assist in setting up abortion providers in Brazil, where abortion is illegal, so long as U.S. dollars were not used directly to pay for abortions. Such an extension of Roe v. Wade to the developing world would be entirely unacceptable. Very few less-developed nations have abortion laws as permissive as Roe.

Two federal courts of appeals, for Second Circuit and for the D.C. Circuit, have rejected claims that the Mexico City Policy is inconsistent with the Foreign Assistance Act. Moreover, the constitutionality of the Mexico City Policy has been upheld by the U.S. Court of Appeals for the District of Columbia [DKT Memorial Fund Ltd. v. A.I.D., No.88-5243, Oct. 10, 1989], and by the U.S. District Court for the Southern District of New York [Planned Parenthood Federation of America v. A.I.D., 87 Civ. 0248, March 7, 1990].

The latter case is being appealed. A third constitutional challenge was recently filed by The Pathfinder Fund in the U.S. District Court in D.C. We are confident that the Mexico City Policy will ultimately survive all of these legal attacks. We urge this subcommittee, and the entire Senate, to also reject all legislative attempts to overturn the Mexico City Policy, especially in light of President Bush's clear determination to preserve this critical pro-life policy, reiterated most recently in his letter of June 26, 1990 to certain members of the House of Representatives (quoted in part on page one of this submission).

The United Nations Population Fund

Mr. Chairman, we encourage you to retain in the FY 1991 appropriations bill, the clause now generally referred to as the Kemp/Kasten Amendment, which provides that no population assistance funds

> may be made available to any organization or program which, as determined by the President of the United States, supports or participates in the management of a program of coercive abortion or involuntary sterilization.

To date, the law has been triggered only by the China/UNFPA program. The UNFPA has received no U.S. funds since 1985, because its involvement in China's coercive population program violates the Kemp/Kasten provisions.

Last year, we witnessed a sustained legislative effort to exempt the UNFPA from the anti-coercion requirements of the Kemp/Kasten Amendment. This effort, which came to be known as the "Mikulski Amendment," was ultimately blocked by President Bush's veto of H.R. 2939-- a veto based largely upon the inclusion of the Mikulski Amendment in that version of the FY 1990 bill. The Mikulski provision was dropped, and a substitute FY 1990 bill (H.R. 3743), which contained the undiluted Kemp/Kasten Amendment, was promptly enacted.

The Mikulski Amendment earmarked $15 million to the UNFPA, subject only to the requirement that U.S. funds be "segregated" from the China/UNFPA program on the UNFPA's books. In effect, the Mikulski Amendment would have gutted the Kemp-Kasten Amendment by allowing the UNFPA to continue to support China's coercive program, to any degree it desires, so long as the agency did not use U.S. funds directly for China's program.

Some Members of Congress and others cited the fund-segregation provision of the Mikulski Amendment as if it ought to have resolved all objections to the China/UNFPA program. In reality, of course, the Mikulski Amendment would have rendered the Kemp/Kasten Amendment a dead letter. After all, the real issue has never been whether U.S. dollars can be kept technically segregated from the compulsory abortions. Rather, the real issue is this: given that compulsory abortion permeates China's population-control program, should the U.S. subsidize an organization which believes China has a model population program? We submit submit that the answer to that question is No.

If the Mikulski language, or any other such "fund-segregation" approach to the UNFPA issue were enacted, officials of China's government would immediately declare that the United States had implicitly withdrawn its past criticisms of China's population-control program-- and officials of the

UNFPA would undoubtedly also claim that their posture towards China had been vindicated. Moreover, a resumption of funding would be a signal to other governments and to other international organizations that the U.S. is no longer seriously opposed to the use of coercion in population-control programs.

In describing the unacceptability of such "fund-segregation" proposals, I do not believe I can do better than quote from President Bush's veto message on H.R. 2939. The President said, in part:

> The bill would also require the use of appropriated funds to support the United Nations Fund for Population Activities, which supports and participates in the management of a program in a foreign nation that involves coercive abortion. [...]
>
> Let me restate my strong support for international family planning programs, and my view that the United States should support such efforts so long as they do not violate Kemp-Kasten or other established policies of the U.S. Government.
>
> Unfortunately, the Congress has inserted in the bill the so-called Mikulski Amendment, which would fatally weaken the integrity of the Kemp-Kasten anti-coercion provision by earmarking funds for the United Nations Fund, the only organization that has ever been determined to violate that provision. The Fund participates in and strongly defends the program of a particular foreign government which relies heavily upon compulsory abortion. This fund has received no United States assistance since 1985, precisely because of its involvement in this coercive abortion policy. The current bill thus represents a radical and unwarranted change in policy.
>
> The Mikulski Amendment is rendered no more acceptable by a clause which rights requires the Fund to keep its books in a manner so as to prevent the direct flow of United States assistance to the particular foreign government. The current Kemp-Kasten law tells all family planning organizations that they must refrain from supporting coercive programs, or the United States will direct its resources to alternative organizations which respect the fundamental principle of voluntariness. The bill would negate this essential human rights principle through substitution of a simple accounting requirement, and I find this unacceptable. The bookkeeping provision would clearly place the United States in the position of supporting a program that in turn supports coercive abortions, a program that is inconsistent with American values. Such support would undermine our position that family planning must be voluntary and would contradict the human rights character of our foreign policy around the world.

The President reiterated his position in a letter sent to certain members of the House on June 26, 1990, just prior to House floor action on HR 5114. The President said:

> I am now advised that Congressman Lehman of Florida intends to offer another amendment which would earmark funds for the UNFPA. In this case, the funds would be used in Romania, but the clear intent is to undercut the Kemp-Kasten Amendment by mandating funding for an organization which supports coercive population-control programs...If family planning assistance is to be provided to Romania, as a form of

> humanitarian assistance, it must be provided through agencies which are in compliance with the Kemp-Kasten Amendment and the Mexico City Policy.

The President added:

> As I said in 1989, I strongly support population assistance, so long as U.S. funds are directed those those organizations which promote contraception, rather than those which condone or encourage abortion or coercive measures. The Lehman and Mrazek Amendments would weaken the pro-life Mexico City Policy and the Kemp-Kasten anti-coercion law, and I will be forced to veto H.R. 5114 if any such language is included in the bill as presented to me.

On June 27, the House adopted (224-198) an amendment offered by pro-life Congressmen Chris Smith (R-NJ) and Henry Hyde (R-Il.) to strike the portion of the Lehman Amendment which required family planning assistance for Romania to be channeled through the IPPF and the UNFPA. The Mrazek Amendment was then withdrawn without a vote. Thus, NRLC is not opposed to the House-passed HR 5114.

China's Policies: From Bad to Worse

Each year since 1985, USAID has determined that China's program is systematically coercive. The USAID findings have been backed up by extensive documentation from intelligence, diplomatic, and journalistic sources. In 1988, USAID's determination was buttressed by a 100-page white paper, consisting largely of recent official pronouncements by Chinese population control officials, compiled by career China specialists in the U.S. Bureau of the Census. Various congressional committees have collected extensive testimony and documentation, demonstrating that China's population-control program is driven by systematic coercion, including compulsory abortion on a massive scale.

Unfortunately, the situation has not improved. The recently released State Department human rights report (pages 807-810) found that China continues to systematically employ coercion in its population-control program, and to impose "severe sanctions on those who deviate from official guidelines." According to the report, China "maintains a comprehensive and highly intrusive family planning program... with severe sanctions against those who deviate from official guidelines." The report speaks of "severe psychological pressure on those who resist," and continues: "Disciplinary measures against couples who violate the policy include stiff fines (often as high as a year's salary), withholding of social services, demotion and other administrative punishments. If a unit exceeds its [birth] allocation, punishment may be meted out to the offending couples, to unit officials and to the unit as a whole. Some local officials have reportedly destroyed or confiscated the private property of families with unauthorized children if fines are not paid."

The report also notes that several Chinese couples have been granted asylum in the United States based on well-documented pressure to submit to abortion-- a matter on which this subcommittee received first-hand testimony last year.

The report states that "physical compulsion to submit to abortion or sterilization is not authorized, but continues to occur as officials strive to meet population targets" (emphasis added). While insisting that they punish officials who commit "abuses," Chinese officials "have refused to provide documentation of any punishments," the report says.

The report cites evidences leading "some observers to suggest that China may be entering a new cycle of strict enforcement of family planning policies, after a period of relative relaxation."

Recently, Chinese government officials publicly conceded that they rely on coercive abortion and sterilization in one component of their population-control program-- the eugenics component. As The New York Times reported in a page one story on Nov. 21, 1989, Gansu Province has adopted a law prohibiting people with severe mental handicaps from having children. Provincial officials admit that they are "aggressively enforcing" the law, which requires retarded people to submit to sterilization and/or abortion. On February 24, 1990, the Associated Press reported that Liaoning province has also enacted such a law. According to The New York Times, the national legislature may adopt a similar law.

The Times story provoked The Hartford Courant, generally a critic of the Bush Administration's anti-abortion stand, to editorialize: "The [Chinese eugenics] policy should be bad enough to persuade the United Nations to withdraw its support for China's population-control efforts until human-rights reforms are enacted... When a government attempts to 'raise the quality of the population' by enforcing sterilization, it's time for the rest of the world to react. Withdrawing United Nations support for China's 'family planning' is a good place to start."

The Role of the UNFPA in China's Program

From about 1984 through 1987, the years in which Congress first grappled with the matter of China's population policies, there were many within and outside of Congress who vigorously defended China's population program. These voices claimed that reports of coerced abortion represented merely "isolated abuses," supposedly condemned by China's government, but (it was said) blown out of proportion by groups such as ours. In contrast, during last year's debate, some of the leading congressional defenders of the UNFPA went out of their way to condemn the government of China for the very coercive policies which they had denied existed a few years earlier. Rather than continue to defend China's program, the pro-UNFPA forces now argued that the UNFPA is worthy of U.S. funding notwithstanding the agency's support for an admittedly coercive program in China.

The defenders of the UNFPA marshaled several arguments as to why, in their view, the UNFPA's role in China should not disqualify the UNFPA from receiving U.S. funds.

First, there were many attempts to understate the nature and the degree of the UNFPA's involvement in China's program. For example, last Sept. 19 a Washington Post editorial erroneously stated that the UNFPA's contribution to China is "all used for research in contraceptive technology." Even if that were true, it would not ameliorate the fact that top officials of the UNFPA have vigorously defended China's population program against all critics, or that the UNFPA points to China as a model for other developing nations. But, it is not true. After an in-depth review, USAID concluded in 1985 that "the kind and quality of assistance provided by UNFPA contributed significantly to China's ability to manage and implement a population program in which coercion was pervasive," and this remains the case.

USAID's conclusion on this point of the Kemp-Kasten law was upheld by a three-judge panel of the U.S. Court of Appeals for the District of Columbia. In an opinion written by Judge Abner Mikva, the panel unanimously ruled that the USAID administrator's sworn explanation "of how the UNFPA's activities in China aid the aspects of China's program that Congress condemned amply supports his conclusion that funding UNFPA is prohibited by the [Kemp/Kasten] amendment." [Population Institute v. McPherson, Civil Action No. 85-6042, August 12, 1986, p. 23.]

According to the UNFPA's own annual report for 1988, ongoing UNFPA activities in China include participation in the "State Family Planning Commission," the headquarters which oversees enforcement of the nationwide "one-child" program, and funding of "national training facilities for family planning professionals and family planning administrative personnel"-- which is to say, the "commissioned officers" who are enforcing the coercive population policies.

The UNFPA has essentially dismissed U.S. concerns regarding coercion in the China/UNFPA program. UNFPA projects are approved by the U.N. Development Programme (UNDP) Governing Council, on which the U.S. holds a seat. In June, 1989, the Governing Council-- ignoring a protest from the U.S. delegate-- approved a five-year, $57-million extension of the UNFPA presence in China. Some congressional UNFPA supporters last year actually cited this action as a reason to restore U.S. funding to the agency-- since, they argued, the proposed U.S. contribution would not increase the $57 million commitment which had been approved over U.S. objections!

In our view, this amounted to an argument that the UNFPA should be rewarded for its intransigence in ignoring U.S. human-rights concerns, and for extending its involvement in China despite overwhelming evidence of systematic coercion.

Proponents of funding the UNFPA often quote UNFPA assurances that the agency does not support "abortion programs" anywhere in the world. The UNFPA does make such a claim-- but then, the UNFPA has also repeatedly proclaimed that China's population program is "purely voluntary." In reality, the UNFPA's enthusiastic support for China's population program is support for an "abortion program," since coercive abortion is a primary mechanism by which the "birth-quota" system is enforced. (The UNFPA has also admitted to funding studies on the abortion pill, RU 486, which is used in France to induce abortions between four and seven weeks.)

During last year's congressional debate, The Population Institute (which receives major funding from the UNFPA) distributed handouts listing 22 countries in Latin America and Africa "with which the U.S. has no bilateral agreement and are served by UNFPA." The reader was left to draw the conclusion-- and many Members did-- that these nations would be denied U.S. population assistance unless the U.S. resumed participation in the UNFPA. In fact, however, 21 of the 22 Latin American and African nations listed do receive U.S. population assistance-- not bilaterally, but via private voluntary organizations and other mechanisms.

Moreover, as USAID has consistently emphasized, all funds denied to the UNFPA since 1985 have been re-directed to other family-planning projects, such as the International Planned Parenthood Federation-Western Hemisphere.

Finally, it is noteworthy that at least one defender of the UNFPA last year ventured the remarkable claim that the UNFPA has been a critic of China's coercive policies. I refer to a statement made by Congressman Chet Atkins during the floor debate of November 16, 1989, as follows:

> "The UNFPA has been the clearest, most consistent voice against the coercive programs in China. The single most effective way that we can change the policies in China is to join our voice with the UNFPA." [Congressional Record, Nov. 16, 1989, H 8830.]

Mr. Atkins's statement is completely at variance with the public record. In a letter to Mr. Atkins last December, we challenged him to cite even a single example of a statement by a senior UNFPA official condemning China's coercive practices. We have received no answer. I believe that no such statement exists. Far from being a "consistent voice against the coercive programs in China," to our knowledge the UNFPA has never criticized the Chinese government's coercive policies. Indeed, from 1979 to date, top UNFPA officials have consistently denied that the Chinese government employs any objectionable methods, and have repeatedly spoken in glowing terms of the program as a success story which other developing nations should emulate.

For example: in 1983, a committee chaired by UNFPA Executive Director Rafael Salas gave China's family-planning minister the U.N. population award.

In a speech on Capitol Hill on April 8, 1986, then-UNFPA Executive Director Rafael Salas said of China:

> "We have no reports, really, of violations in this respect. And if you refer to China, I am very sure that the Chinese themselves will say that, within their cultural norms, they are not at all coercive. Maybe from certain Western standards, these might not be totally acceptable. But then, each country must determine that for themselves."

As recently as November 21, 1989, current UNFPA Executive Director Nafis Sadik said in a interview on CBS Nightwatch:

> "The implementation of the policy [in China] and the acceptance of the policy is purely voluntary. There is no such thing as, you know, a license to have a birth and so on." [complete transcript available]

Other such actions and statements, from 1979 through 1989, are cited in materials which have been submitted to this subcommittee.

I conclude with another word regarding the unacceptability of proposals to restore funding to the UNFPA under various bookkeeping devices, such as those proposed last year by Sen. Mikulski, or this year by Congressman Kostmayer. Many of the supporters of these "fund-segregation" proposals apparently do not regard China's compulsory abortion policies as a serious human-rights issue. If they really regarded compulsory abortion as a serious human-rights issue, they would never be satisfied with merely cosmetic sanctions against an international organization which supports such a program. Would they advocate funding an international police organization which gave China's government the 1989 award for crowd-control techniques, so long as the agency did not channel those funds to China? I think not. Would the environmental organizations which supported the Mikulski Amendment acquiesce in U.S. funding of a hypothetical U.N. agency that traffics in elephant ivory, so long as the elephant poaching was done with funds obtained from non-U.S. sources? I don't think so.

By the same token, NRLC opposes U.S. participation in the UNFPA, so long as the UNFPA supports, or participates in the management of, a program of compulsory abortion.

Compulsory abortion is both a moral issue and a human-rights issue; it is not a fiscal matter which can be finessed with meaningless bookkeeping tricks. Therefore, NRLC urges this subcommittee and the entire Senate to reject any proposals to weaken the Kemp/Kasten Amendment or to mandate U.S. funding for the UNFPA.

STATEMENT OF MARTIN N. KAUFMAN, CHAIRMAN, CEO, PHILIPP BROTHERS, INC.

Thank you, Mr. Chairman. I very much appreciate this opportunity to appear before you and your colleagues. Philipp Brothers is a United States company based in New York that trades basic agricultural and industrial raw materials throughout the world. We compete directly with trading companies in other industrialized countries for access to these commodities.

My purpose today is to describe briefly a problem of major proportions that Philipp Brothers has in the Ivory Coast. At the request of the Government of the Ivory Coast, Philipp Brothers entered into an agreement with the Caisse de Stabilisation the official marketing agency to purchase 280,000 metric tons of cocoa, paying a provisional price for the cocoa above the then prevailing market levels with the overpayment to be reimbursed to Philipp Brothers either in cocoa or, failing that, in cash. The Ivory Coast asked for this arrangement. Its financial position was deteriorating rapidly and its foreign exchange reserves were being depleted. Although the repayment date is to be, by reason of the agreement, latest December 31, 1990, the Ivory Coast Government and its representatives have indicated that they do not intend to pay all or even a substantial amount of the over-payment for the cocoa, which will be approximately $160 million, including interest by year end.

As of today, meetings which we have had with representatives of the Ivory Coast Government and the International Monetary Fund, among others, in Washington, Abidjan and Paris have not produced a payment program. A month ago we suggested a repayment program that could be implemented over the next three crop years, but have had no response to it yet.

Anticipating your questions, I would like to take some time at this point to explain how the sum involved got to be so large. The contract mechanism called for us to make the provisional payments totalling approximately $462 million for the 280,000 tons of cocoa, which was priced in the market at approximately $322 million, leaving a balance of approximately $140 million, which, with interest, will leave a balance at the end of the year of approximately $160 million. Our purpose was to satisfy the request of the Ivory Coast Government that it receive a predictable cash flow to meet its urgent obligations. Our prepayment program was developed on the theory that we should be as helpful as possible to our commodities suppliers when their export market prices were declining at a time when they desperately needed more foreign exchange. We also viewed our efforts as a way of showing the world's cocoa consumers that they could reliably trade with a U.S. supplier.

Unfortunately, our financing commitment coincided with the sudden sharp decline in the market price of cocoa. The plunge in the price was accelerated by the fact that the Ivory Coast condoned the release of cocoa to a French company that held a short position in the market. By doing so, the Ivory Coast actually exacerbated its own hard currency problems by cheapening the export price of its most important commodity. Thus, the spread between the amount of the provisional advance payment and the value of the cocoa continued to widen.

Since the cocoa wasn't delivered in accordance with the contract, Philipp Brothers was unable to take advantage of subsequent increases in the price.

Recently the IMF agreed to lend $30 million to the Ivory Coast as part of a $200 million restructuring program. The Board is due to consider another payment when it meets again in October.

In view of the intransigence that the Ivory Coast has displayed in all the meetings we've had, I would like to ask the Committee to review the United States' obligations to the International Monetary Fund and the World Bank. Is it not possible to make these commitments contingent -- at least to some degree -- on contract performance. After all, the sanctity of contracts is something that the Senate has always demanded, especially to protect our own agricultural sector.

I am not advocating an economic version of gun boat diplomacy. But perhaps your Committee report that accompanies the Appropriations bill can make your views on contract sanctity a matter of record, either specifically in the case of the Ivory Coast, or in general terms. Can't we ask the U.S. Executive Directors of the IMF and the World Bank to demand compliance in order to qualify for aid? That kind of message from you - who appropriate the tax dollars we pay as an American corporation - is likely to be heard where our voice is not.

The Executive Board of the IMF has already asked the Board of Governors to approve a 50% increase in SDR. Of this sum, $238.2 million SDR have been budgeted for the Ivory Coast. The U.S. share of this entire increase will exceed 19% of the total amount, by far the largest of any contributor. It is my hope that the Committee, in its report, will express its concern and suggest that the failure to perform according to contract is unacceptable conduct for a country that must rely to a substantial extent on funds made available by our country.

That concludes my testimony. If there are any questions I will be pleased to answer them.

STATEMENT OF WERNER H. FORNOS, PRESIDENT, POPULATION INSTITUTE

Mr. Chairman, members of the Subcommittee, I am Werner Fornos, President of the Population Institute, an organization with an educational network of some 80,000 individuals committed to a more equitable balance between the world's population, its environment, and its resources.

International authorities have characterized the 1980s as a lost decade for development and I am strongly inclined to agree with them --- especially in the area of assistance for population and family planning efforts in the developing world.

For instance, the United States contribution to population programs overseas stands today at some $100 million less than it was five years ago.

Population stabilization efforts have never been too popular with whatever administration was in office. However, bipartisan Congressional recognition of the severe impact of rampant population growth was persuasive enough to gain the support of five presidents. Today, as a world of 5.3 billion people is on a course to double in less than 40 years, we lack that unified support and, indeed, we are facing a hostile White House. How anyone can ignore the reality that we are facing a generation in which three billion young people will enter their reproductive years (that's equal to the population of the entire world in 1960) is beyond me. Nine out of ten of these births are occurring in the developing world.

In 60 per cent of the developing world, half the population is actually denied the right to voluntary birth control. Seventy-five per cent of Latin American women currently not planning their families would like to do so, 43 per cent in Asia, and 27 per cent in Africa. In Africa, the percentage doubtless would be much higher were it not for the fact that in 10 African countries 90 per cent of the women have not even heard of a single method of contraception.

Representatives of 80 countries meeting in Amsterdam last November to discuss international population initiatives for the 21st century concluded that the next 10 years clearly will be the decade of decision for this planet's human numbers. This decade may very well hold the key that will determine the ultimate size of world population. The possibilities range from less than nine billion to 20 billion or more. Failure to accelerate the pace of international population assistance, failure to significantly expand the availability of family planning worldwide, would be humankind's ultimate blunder.

At the Amsterdam meeting last fall, the experts further concluded that to stabilize global population below 10 billion rather than at 14 billion or more, total population assistance from all sources must double to $9 billion by the end of this century.

Speaker after speaker at the Amsterdam meeting asserted that there can be no issue more compelling for the stability and security of our planet than bringing into a more equitable balance the population, environment, and resources of our planet.

If population assistance is to increase to the levels recommended in Amsterdam, the United States clearly must cease to be a spectator on the sidelines (See attachment 1). We must once again become even more than active participants in population and family planning assistance; we must resume the leadership we held in this field for some 20 years.

The Administration tells us that in the past 10 years more has been spent on international population assistance than in the previous 10 years. But, I repeat, in the last five years this spending has been slashed by $100 million. Moreover, in the last five years, the United States government has not contributed a cent to the United Nations Population Fund.

There is simply no way that the U.S. government can be a full partner in the vital effort to reduce global population growth without participating in United Nations population efforts. UNFPA is the largest multilateral provider of international population and family planning assistance; it has programs in more than 140 countries, while U.S. bilateral population assistance is extended to only 37 countries. It is foolish to even begin to think that the U.S. government is making a meaningful contribution to reducing world population growth if it is not contributing to UNFPA.

Why is this so important? The most noble efforts are challenged when we are described as genocidal, more concerned with our uncontrolled consumption of the world's resources than with the alleviation of human suffering and, in the process, we seek to keep subservient the poorest in the world so we can have greater and cheaper access to what is not rightfully ours. Working through multilateral institutions like the United Nations, we can avoid such baseless criticism. More importantly, it strengthens the value of our contributions.

Multilateralism is the way of resolving many of the world's problems. It is incontrovertible that a multilateral approach has become an indispensable way of running the affairs of the planet.

Mr. Chairman, the Population Institute has been in existence since 1969, the same year the U.N. Population Fund was started. We are a non-government organization accredited to the U.N.'s Economic and Social Council and we have members in 159 countries. Our members and staff have monitored UNFPA activities during the past 20 years.

I believe it is high time that the Congress of the United States heard the facts about UNFPA --- this organization of which our government was once the largest supporter but to which it now contributes nothing. For too long, we have heard the distortions of those who would have us believe that UNFPA promotes or condones coercion. But the evidence is not on their side. If it were, at least one other country would have joined the United States in pulling its support from UNFPA. That simply has not been the case. West Germany, Japan, Canada, the United Kingdom, the Scandinavian countries --- our closest friends and allies in the world community --- are still major contributors to UNFPA. In fact, since the U.S. ceased its contribution, most of these countries have increased their support. Can it be that each of these countries aids and abets coercive sterilization and forced abortions? Can it be that only the United States sees the light? Can it be that everybody else is out of step but us?

The reason our closest friends and allies have not joined us in pulling out of UNFPA is that they know the U.N. organization is providing necessary and valuable services in developing countries. They know that the UNFPA has the infrastructure to be the best hope for the 500 million women who today are denied family planning services.

Fifty-six countries are now eligible for priority UNFPA assistance. The criteria for this consideration revolve around six variables: national income, family size, population growth, infant mortality levels, rural population density, and literacy among women. More than 70 per cent of all UNFPA country assistance is spent on projects in these 56 countries that have the greatest need, the greatest demand, for population and family planning assistance. By 1993, UNFPA plans to increase that share to 80 per cent. The priority system is a tribute to UNFPA's innovativeness and dedication to effectiveness. It shows that UNFPA has spurned the temptation, common in many international bodies, to spread the funds around for political reasons. It has chosen instead a method of allocation to ensure that each dollar is spent where it can do the most good.

The impact of UNFPA's work has been significant. Since it was founded 20 years ago, UNFPA has worked in nearly all developing countries, and can be credited with helping many of them to achieve steady reductions in fertility. Since UNFPA was founded, world population growth has declined from more than 2 per cent to 1.7 per cent. Moreover, UNFPA has trained a generation of developing world nationals in the management of population and health care programs. These trainees have returned home and infused many of their government colleagues with an appreciation of the impact that curbing population growth has on overall development plans.

These accomplishments have made a marked difference in the lives of many thousands of people throughout the developing world, helping some countries to move toward genuine economic development.

The recent, rather remarkable economic progress made by South Korea and Taiwan is closely related to their achievements in reducing fertility to more stable levels. Indonesia, Thailand, Mexico, and Colombia have also made important progress, thanks in part to their partnership with UNFPA, although they still have significant work ahead.

One further accomplishment cannot be overlooked: the establishment of a stable, effective institution dedicated to promoting population stabilization. Twenty years ago, no one could be sure that the fledgling U.N. Trust Fund, with its four-person staff and its vaguely defined mandate, could ever survive the buffets of the divisive international response to population matters. Today, UNFPA's longevity is secure. Requests for population assistance from throughout the developing world are unprecedented. UNFPA now serves as a channel for fully one-third of all population and family planning aid. Its budget has grown nearly a hundredfold from barely $2 million in 1969 to $181 million in 1989. That growth is a particularly telling sign of UNFPA's broad-based acceptance because every dollar of its budget comes from voluntary international contributions.

Over the past two decades, UNFPA has received financial support from 144 nations representing every possible geographical, cultural and ideological community. Such diversity is convincing testimony to the effectiveness and sensitivity with which UNFPA carries out its mandate. Furthermore, UNFPA's staff has won a global reputation for competence and efficiency, and has built the institutional memory and expertise necessary to ensure the Fund's continuing vitality.

Under the leadership of Dr. Nafis Sadik, Executive Director of UNFPA, the organization's goals can be broadly grouped into the following categories:

--- Wipe out the backlog of couples waiting for access to family planning. This will require UNFPA to extend family planning services to the 500 million women around the world who have expressed a desire to limit their family size but lack the means to do so;

--- Focus aid on the poorest countries first. All assistance will be channeled according to UNFPA's unique system of "priority countries" ensuring that aid is allocated where it is most needed. UNFPA has announced that the African continent will be a special focus of population assistance for the remainder of the century. That focus reflects the fact that African nations were among the last to recognize the direct links between population growth and impaired development. As a result, African nations have some of the highest fertility rates in the world; Rwanda tops all nations, recently surpassing Kenya, where fertility averages about eight children per women. UNFPA unveiled its Strategy of Population Assistance to Africa in 1987; of the 56 countries on UNFPA's priority list, 31 are in Africa.

--- Improve the status of women worldwide. UNFPA has recognized that expanding the rights of women is one of the keys to reducing fertility. Women are allowed few options other than childbearing in many developing world countries, and their status within their communities is often tied to family size, encouraging excess fertility. UNFPA is cooperating with a number of developing world governments in an effort to expand opportunities for young women. The Fund aims to cut maternal mortality in half by the year 2000. It is also working to guarantee basic legal rights for all women, including the right to own property, to paid employment, and to exercise free choice in marriage. Finally, UNFPA hopes to expand educational opportunities for girls, and to reduce female illiteracy, which is higher than 50 per cent in most developing countries;

--- Improve the welfare of children. UNFPA aims to reduce infant mortality in every developing country to no higher than 50 deaths per every 1,000 live births. Currently, infant mortality in the developing world averages 86 deaths per 1,000 births. This goal is doubly important; not only is infant mortality a humanitarian imperative, it can also reduce population growth insofar as developing world couples often have more children than they actually desire in anticipation that some will die before reaching adulthood;

--- Establish population leadership at the highest levels of every developing world government. One of UNFPA's greatest successes in the past 20 years has been the increasing commitment to population stabilization shown by leaders throughout the developing world. UNFPA will continue to work closely with developing world governments on strengthening their capacity to anticipate population-oriented problems and to integrate population programs into every level of development strategies.

The global effort to reduce runaway population growth began in earnest with the founding of the United Nations Population Fund. That effort began 21 years ago, enough time for us to evaluate its track record and assess what remains to be done. The past two decades have taught us at least three crucial lessons:

(1) Population growth is an essential determinant of economic development in the developing world.

(2) Population programs are effective in slowing population growth. The World Fertility Survey has shown that there are 500 million women in the developing world who want to practice family planning but who lack access to the knowledge and the means. We also know that where family planning has been made available, birth rates have fallen. Those facts are encouraging because they tell us that we have opportunities before us to reduce population growth further if we are willing to invest in family planning programs.

(3) Finally, the past two decades have proven that individuals can make a difference. We need look no further than the work of Rafael Salas, the first Executive Director of UNFPA, who struggled tirelessly for the last 18 years of his life for a vision that was often unpopular but that has been powerfully vindicated in recent years. Dr. Sadik's pioneering work in Pakistan's family planing efforts and now as Dr. Salas's successor at UNFPA offers similar inspiration, as do the more anonymous contributions of countless dedicated UNFPA field workers around the globe.

Mr. Chairman, while I realize there are many worthwhile programs and projects lining up for the so-called "peace dividend," this Congress must make hard decisions regarding priorities. The Population Institute recommends that the U.S. government population budget for Fiscal Year 1991 include $500 million for international population and family planning programs. The Institute further recommends that $60 million or 16 per cent of the U.S. population assistance budget, whichever is less, be earmarked to the U.N. Population Fund.

Mr. Chairman, UNFPA has been a pawn in our domestic battle over abortion. As a result of extremists' demand that the Administration be solidly commited to denying a woman's right to "choose," the poorest women and children in the world have been sacrificed. The scapegoat is UNFPA because it provides $10 million a year in contraceptives and maternal and child health assistance to the People's Republic of China, which stands accused of using coercive birth control practices. The Congress, cognizant of these charges, crafted legislation to prevent any U.S. funds from being used by UNFPA in China. These provisions are similar to ones we use to prevent U.S. contributed dollars from going to the Palestine Liberation Organization.

Meanwhile, the President has asked for most favored nation status for China. He has authorized the sale of nuclear and military equipment to China. If China is to be condemned for flagrant human rights violations, we should limit our assistance to humanitarian aid such as UNFPA is providing.

UNFPA does not support, and never has supported, abortion as a method of family planning. It is probably the most sensitive agency in the entire U.N. system on the protection of human rights (see attachment 2). On a recent visit to Zambia, I was asked, "Why are we deprived of the aid of our most important development partner, UNFPA, because of the charges against our neighbor?" Why, indeed?

As rapid population growth is the root of so many problems that threaten global security and stability, I can think of no challenge more urgent than that of stabilizing world population at the lowest possible figure. Furthermore, we have the knowledge and technology to alleviate the overpopulation problem in a rational, humane manner. All that is lacking is the political will, the commitment of leadership to resolve the problem.

The majority of the United States Congress has been the exception. Time and again Congress has demonstrated its comprehension of the consequences of overpopulation and its dedication to bringing population into balance with world resources and environment. I am here today to both express my appreciation for this recognition on the part of Congress and to urge, on the behalf of poor people throughout the world, that you do not waver in your commitment and your dedication.

Attachment 1

Intervention by the Population Institute

The United Nations Poulation Fund, thirty-seventh meeting of the Governing Council, statement delivered by the Honorable Peter Kostmayer* member to the Board of Directors of the Population Institute, May 29, 1990 in Geneva, Switzerland.

Geneva, Switzerland.

Mr. President, Dr. Sadik, distinguished delegates, my countrymen and women in the American delegation, I speak to you this morning not as a member of the U.S. delegation, or as a representative of my government, but as an observer with the delegation of the Population Institute, an accredited ECOSOC/NGO. I serve on the Board of Directors of the Population Institute and am designated by the Board to represent it.

From the United States I bring you good wishes, but no money.

Next year we hope to bring both.

There are some who say I should not be making these remarks today. Not here. Not now. But I cannot sit idly by while a rather large American delegation involves itself in the day to day deliberations in shaping the future and yet has not contributed one cent for the last five years to this powerful, humanitarian U.N. effort. I'm sure many of you have heard the phrase, "If you don't play the game, you don't make the rules." In yesterday's official U.S. intervention, we all waited for some plausible explanation about the continued absence of U.S. financial commitment to UNFPA. None was forthcoming and, indeed, strangers to these proceedings would have assumed that the U.S. was a total partner in the UNFPA effort if they listened to the U.S. speech.

We all need to be clear on the facts:

Last year the Congress voted to fund UNFPA, but President Bush regretfully vetoed the foreign aid bill containing those funds and while voluntary family planning enjoys the support of a majority of the U.S. House of Representatives and a majority of the United States Senate, we have failed to work out a compromise to allow us to support this crucial international effort.

There is strong support for voluntary family planning throughout the United States and in the Congress, even among many of those who --- for reasons of conscience --- oppose abortion. They support voluntary family planning. They recognize the difference.

Ostensibly, because of the controversial nature of the Chinese program, this administration, like the Reagan Administration before it, continues to oppose funding for UNFPA.

Even when U.S. dollars are held in a segregated UNFPA account with none of the U.S. dollars going to UNFPA programs in the People's Republic of China, and none of the funds being used for abortion in China or anywhere else in the world, the administration still denies U.S. assistance to the largest multilateral provider of voluntary family planning funds in the world.

The American administration trembles at the anti-choice forces in the U.S., even as they grow weaker and suffer more defeats at the ballot box each day.

As we meet, the U.S. Congress is contemplating legislation sponsored by over 130 members of Congress from both parties, to double U.S. population assistance to $500 million for voluntary family planning assistance next year. Sixty million of this amount shall be solely for the use of the United Nations Population Fund. I believe the Congress will pass this legislation.

The importance of the work discussed here has been articulated this morning and yesterday by nations from around the world.

The report of Dr. Sadik yesterday provided ample evidence of the international dilemma.

Population's relationship to every issue facing humankind ---from the environment, resources, nutrition, housing, education, employment, health, to peace itself, is obvious.

I commend Dr. Sadik for her indisputable conclusions laid out in her 1990 State of the World Population Report. I also commend her staff for the outstanding work done on the preparation of the documentation for the 37th meeting of the Governing Council.

In the last year, the world has watched while the face of this continent changed. And, while a large part of the world's people remain oppressed, other governments have begun to relax their grips.

In both the Soviet Union and the United States, private and public citizens alike call for reducing spending on the international arms race.

Sentiment in the Congress from every region of the United States is the same. The world is changing before our eyes. Mr. President, let us refocus our energy, let us turn and face the problems we have ignored for so long. For we know that the problems bearing down so cruelly on the Third World must, before long, bear down on us unless we provide help for those who suffer in the world's poorest lands.

And so it is with some embarrassment that I speak to you this morning, embarrassed frankly by the unwillingness of the American administration to contribute to such a worthwhile venture.

Those of us in the non-governmental organizations community, and in the Congress, and in every part of America, who share your dream of a stable and just world, will continue to fight for UNFPA funding because we know America's proper place is in a partnership position of international leadership in helping to solve one of the great international problems.

And while our absence is shameful, it is only temporary.

We will be back, with more than just good wishes. In the meantime, continue this struggle, for without your efforts, your generosity, and your commitment, the level of human suffering and misery would be so much greater than it is today.

Thank you, Mr. President.

# # #

* Mr. Kostmayer is a member of the U.S. House of Representatives and a member of its Foreign Affairs Committee. He is the principal author of the 1990 International Voluntary Family Planning Assistance Act.

Attachment 2

TO: UNFPA Representatives
UNFPA Country Directors
UNFPA Field Staff
UNFPA Headquarters Staff

8 June 1990

FROM: Joseph Van Arendonk
Assistant Executive Director

SUBJECT: 37th Session of the Governing Council

1. The purpose of this circular is to inform you that, the 37th session of the Governing Council, which considered the UNFPA item on 28 May - 1 June 1990 in Geneva, approved the following country programmes:

Africa	Document Number
Angola	DP/FPA/CP/67
Cote d'Ivoire	DP/FPA/CP/72
Equatorial Guinea	DP/FPA/CP/63
Seychelles	DP/FPA/CP/65
Ghana	DP/FPA/CP/64

Arab States

Syrian Arab Republic	DP/FPA/CP/70

Asia and the Pacific

Democratic People's Republic of Korea	DP/FPA/CP/61
Indonesia	DP/FPA/CP/69
Islamic Republic of Iran	DP/FPA/CP/62

Latin America and the Caribbean

Cuba	DP/FPA/CP/68
Ecuador	DP/FPA/CP/66
Haiti	DP/FPA/CP/73
Mexico	DP/FPA/CP/71

2. We would like to reiterate in this context that these programmes as well as all UNFPA-assisted programmes and projects, are undertaken in accordance with the principles and objectives of the World Population Plan of Action; that is, that population policies should be consistent with internationally and nationally recognized human rights of individual freedom, justice and the survival of national, regional and minority groups (para. 14 (d)), that respect for human life is basic to all human societies (para. 14 (e)) and that all couples and individuals have the basic right to decide freely and responsibly the number and spacing of their children and to have the information, education and means to do so (para. 14 (f)). The principles of voluntary programmes and respect for basic human rights are the foremost premises of all UNFPA-assisted activities.

3. We would like to also bring to your attention that in the preparation for and implementation of all UNFPA-assisted activities, special care is to be paid to the socio-cultural context and to the perceptions and attitudes of people and communities. Projects and programmes should be based on a careful review and assessment and on a strategy for implementation, drawing on, inter alia, socio-cultural research results. Particular attention should be directed to ensuring that women are not only the beneficiaries of population activities but do also participate in their design and implementation.

4. An equally strong concern for all UNFPA-assisted activities is the promotion of exchange of information and inter-agency co-ordination, while strengthening the Government capacity for co-ordination. The 37th session of the Governing Council reaffirmed the particular importance of co-ordination in the population field as reflected in document DP/1990/44, the Amsterdam Declaration and General Assembly resolution 44/211.

5. These are a few of the points emphasized by the Council as it considered the country programmes presented by UNFPA for its approval. You shall receive a more complete account of the outcome of the Council in the near future.

STATEMENT OF KHATMEH OSSEIRAN, EXECUTIVE DIRECTOR, SAVE LEBANON, INC.

Save Lebanon is a non-profit, apolitical, and non-sectarian humanitarian relief organization which funds social, medical, and educational projects in Lebanon to help the victims of the fifteen years old civil war. Our supporters are Lebanese-Americans and other Arab-Americans, as well as American friends of Lebanon. Our aid goes all over Lebanon, irregardless of sect, political affiliation or geographical location. Since 1982, Save Lebanon, Inc. has made it possible for North Americans to directly support humanitarian projects which help heal the wounds of war.

When first founded, Save Lebanon helped hundreds of students and families who had been cut off from their loved ones due to the war, and gave them subsistence grants and refugee assistance. Since then, Save Lebanon has greatly expanded its care-giving programs. The Children's Project brought 52 severely injured children to the United States for specialized medical treatment. Follow-up care continues with educational, vocational, and social services both here and in Lebanon.

Save Lebanon's newest program -the **Children's 2000 Campaign**-sponsors young boys and girls in Lebanon who desperately need financial aid for school tuition, food and general medical care. The goal is to help children overcome the educational and developmental setbacks caused by the war, thereby helping an entire generation prepare for the future.

The **Relief Fund for Displaced Families** provides emergency supplies, shelter, food and clothing during crises, and the **Indigent Children's Fund** pays for medical care in Lebanon for those children who otherwise would not be able to afford the necessary treatment.

Save Lebanon's ongoing **Grants Program** for orphanages, clinics, hospitals, community development centers, foster care programs, and social welfare institutions enables North Americans to meet the changing needs of Lebanon's people.

Save Lebanon is grateful for this opportunity to express its grave concern about the current level of American aid to Lebanon and urges Congress to appropriate more funds to the desperate country.

Turbulence has ruled the land of the cedars far too long: over 150,000 have died; over 700,000 have been wounded; thousands have been handicapped; nearly one million Lebanese or 1/3 of the population has been displaced; and billions of dollars in property have been lost. The Lebanese people want peace.

Humanitarian Conditions in Lebanon

Save Lebanon cannot adequately emphasize the need for increased humanitarian aid to Lebanon. **Current conditions in Lebanon demand greater financial support from the United States.** Deteriorating economic conditions are marked by an inflation rate reaching 700% at times, and economic output falling by 50% since the pre-war level. The United Nations Disaster and Relief Organization reported in June of 1990 that per capita annual income is estimated at US$800 for 1990, compared to $1,000 in 1989 and $1,150 in 1987. Expenses for a family of five are estimated at $313 per month, compared to a minimum wage of $75. Unemployment is estimated at 35%. Inflation for 1989 alone was over 50%. In addition, the Lebanese pound (LL) continues to fluctuate stabilizing on average at LL500 to the dollar.

Moreover, the war has created many more hardships for the Lebanese. Basic services such as gas, electricity, and water have been severely impaired. Reports from Beirut indicate that electricity is only available on a sporadic basis for two or three hours each day. Sewage and other sanitary services are insufficient and threaten public health. Moreover, at a time when health services are strained and diminishing, the number of casualties and wounded are ever increasing. In Lebanon, wounded does not mean temporarily hurt: for thousands (approximately 60,000 handicapped cases are due to the war), it means permanently handicapped. A United Nations mission in 1987 estimated that 50% of the Lebanese may not be able to obtain adequate health services. With a minimum wage at LL45,000 or $75/month, primary income earners are barely able to feed, much less provide medical care for their families.

Parents can no longer afford to send their children to school. Instead, children roam the streets searching for food, clothing, and money. Stories from the children reflect the situation: Zainab, 12, from the Israeli occupied "security zone," has been going to the vegetable market since she was seven years old. She says, "My family consists of fifteen members, living in two rooms which my father built on state land close to the military barracks. My father works as a concierge and barely makes enough to cover the costs of buying bread. Sometimes, I am able to collect enough food to feed us for a whole day, and sometimes, I have to go back home empty-handed. Fatimah goes with Zainab to the market. She says, "Among the rubbish of the market we look for some vegetables and fruits. For example, we cut the rotten part of an orange and put the good part in the bag. Sometimes, the merchants sympathize with us and give us some good oranges. We are ten children at home. We work to live; the cost of living is very high. How do you expect us to get an education when we do not find something to eat?"

Fayzeh Amin was just eight years old when she came to the United States from Lebanon for operations on her sciatic nerve. She was seriously injured in the summer of 1982 by an exploding "cluster bomb." Fayzeh visited her host family last year and spoke with me about present day life in Beirut: " Life is difficult with lots and lots and lots of poor people begging in the street. There is not one single day of happiness. The streets are crowded, the traffic is terrible, and trash is all over the place - piles and piles of it lie in the street. People have even put bombs in the trash." Fayzeh describes the chaotic street life as including a lot of fighting and yelling, with everyone asking for something. She says that children are everywhere, begging for money, but no one helps them and they are left penniless."

Two children sponsored through our **Children 2000 Campaign** have stories comparable to many others like them in Beirut. Husayn Awada was born in Beirut in 1984. He attends Al-Wafa school. He is currently in first grade. His father, Ahmad Awada, died the same year that Husayn was born. His mother, Jameela Ramale is 27 years old and is unemployed. She takes care of her home and three children. Husayn has two older brothers. Mohamad is 10 years of age and Ali is 9. All of the children go to school.

Husayn and his family receive 25,000 LL a month in the form of social assistance. This amount is less than $45. Jameela and her children live with her parents in a very modest house.

Ayman Shahrour was born in Beirut on October 10, 1982. He attends Al-Rahbat Catholic school and is currently in second grade. His father Imad was killed in the town of Nabattiyeh on March 24th, 1986 during an aerial attack. His mother Adibeh who is 28 years old is unemployed.

Ayman and his mother live in a rented one room apartment. Their monthly income is 10,000 LL a month which is less than $20. Adibeh and Ayman depend on the assistance of relatives for this financial support.

These children are the future generation of Lebanon. They have never had the opportunity to be children. They struggle on a daily basis to make ends meet. They are growing up in a war environment and do not know life without it. Their games are war games. They erect barricades and stop cars to check identity cards. They fashion guns out of sticks and stones and shoot at each other with a horrifying flare for detail. They report deaths and killings with alarming insensitivity and callousness. The war has taken an inestimable spiritual and psychological toll on this generation of Lebanese.

Furthermore, in appropriations of aid, the problems of south Lebanon in particular cannot be forgotten or diverted. The Israeli occupation, now in its twelfth year, has exacted a horrendous toll on the civilian population including killings, expulsions, expropriations of property, illegal transportation of Lebanese prisoners to Israeli jails, and political incarceration of Lebanese civilians in detention centers in southern Lebanon and in Israel, as well as the shutting down of hospitals and clinics operating within the Israeli self-declared "security zone".

U.S. Aid

Why Should We Care?

While I believe that the Lebanese have the ultimate responsibility to solve their problems, we as members of the world community, and particularly as Americans are obliged to concern ourselves with their future.

Our government need not feel hopeless about Lebanon. We must realize that it takes a lot longer to build than to destroy. Fifteen years of destruction will take much patience, diplomacy, negotiations and compromise to eradicate the rubble and the sources of the devastation. It will also take much international concern and action to help the Lebanese rebuild.

The historical friendship and cultural affinities between Americans and Lebanese have not been wiped out during the last fifteen years of civil war. There are over a million Lebanese-Americans in our nation, and many have contributed greatly toward the advancement of American culture and civilization. Among many others, some of these Americans are medically renown heart surgeon Michael DeBakke, consumer advocate Ralph Nader, founder of Mothers Against Drunk Driving Candy Lightner (Ms. Lightner is a former board member of Save Lebanon), Chief of the White House Staff Governor John Sununu, former Chief of Protocol under the Reagan administration the Honorable Salwa Roosevelt, Senate Majority Leader, George Mitchell and television and radio personality Casey Kasem.

We cannot abandon American institutions that have for so long been models of education and scholarship in the Arab world and the entire Middle East region, like the American University of Beirut (AUB) and Beirut University College (BUC).

Moreover Lebanon has historically served as the bridge between East and West: a common ground in which they interact and discover each other. We also must recognize that Lebanon had also played a traditional role as the key to the Arab market for hundreds of U.S. companies and thousands of their employees. Lebanon can resume to be a viable economic entity for the interests of the United States in the Arab world.

Furthermore, the strong belief that the role Arab Lebanon (both in its citizens of the Christian and Muslim faiths) historically assumed as a crossroad of civilizations and as a bridge between eastern and western cultures should be rejuvenated and sustained. The importance and the necessity of this role are exemplified in the number of publishing houses, printing presses and Lebanese banks which continued to increase significantly throughout the civil war. The number of books published in Lebanon for distribution to the Arab world has multiplied manifold during this same period.

Regional changes, struggles and tensions have determined historical developments in Lebanon. In turn, events in Lebanon have influenced developments in neighboring Arab countries.

More globally and most importantly, the stability of the Middle East, thus the world, will not occur without peace and stability in Lebanon. The stability of the Middle East is dependent on a solution to the Lebanese problem. A peaceful Lebanese situation will enhance chances for peace in the Middle East. Without it, any Middle East peace plan or initiative is doomed to failure.

Moreover, in humanistic terms, too many innocent lives have been lost, including the lives of Americans. And, Americans are still being held hostage, along with thousands of Lebanese who have disappeared without any indication of their whereabouts. Our government's commitment to human rights and democracy make it imperative for the U.S. to help the people of Lebanon in coping with the war, alleviating its effects and in developing a solution for it.

How can we help?

We, at Save Lebanon believe strongly that the U.S. role in encouraging and helping the local Private Voluntary Organizations (PVO's) and Non-Governmental Organizations (NGO's) perform their work and implement their projects would strengthen civilian society and empower the "hope from within" Lebanon to become visible and strong, thus standing up against the war and its operatives and ending their negative influence. The phenomenum of a victorious peace and non-violence movement has occurred in many other parts of the world and can also happen in Lebanon.

Recently, I attended a conference entitled "Peace Building and Development in Lebanon" sponsored by the International Peace Research Association, in cooperation with the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Peace Research Institute, Oslo, the Center for Lebanese Studies in Oxford and Rompre Le Silence Movement, Paris. Hundreds of NGO's and PVO's were represented from Lebanon and donar organizations from Europe, US and Canada were also present.

The success of the conference can be partly measured as Hakan Wiberg of the European Peace Research Association in Danmark put it, in the ability of the Lebanese, from different regions, religious communities, social strata and political persuasions to come together and talk, with passion but also with compassion, rejecting some of each other's points of view, but not rejecting each other as persons.

The will to end the war was the consensus of all the workshops, reflecting the desire of the majority of the Lebanese population's opinion. Moreover, common views were shared on the problems facing the survival of Lebanon and its people and practical concrete proposals were made.

The conference's focus was three folds which were interrelated and inclusive of one and another. Peace building, education in the service of peace and human rights, and constraints and challenges for future strategies in socio-economic development in Lebanon were discussed in separate workshops with the underlying theme of building civilian peace. No attempt was made to discuss the causes of the Lebanese conflict, nor the resolution of the conflict through military peace. The focus was civilian peace as a prerequisite for peace-building.

Such activities, increased international aid, and empowerment of Lebanese social and medical relief organizations as well as the Lebanese peace, human rights and non-violence movements could ensure the right of the Lebanese people to a dignified survival as well as a reaffirmation of sovereignty and peace in the Lebanese state.

The final report on the conference concluded with the following specific recommendations, summing up the major highlights which may enhance peace building in Lebanon and development:

1. The international community should **support** peace efforts initiated by Lebanese.
2. International **assistance** should be channelled to Lebanese NGOs engaged in socio-economic development and peace education; as well as emergency relief.
3. All **United Nations** agencies should be operating at full capacity in Lebanon now in order to help Lebanese in their peace and development efforts. In particular, **UNESCO** should re-open its offices in Lebanon and help in developing the human resources of the country.
4. The international community should use its influence to reduce the impact of **external** factors impeding the peace process.
5. Lebanese should **improve** their coordination and projects have to take into consideration regional needs (i.e. not village specific).
6. **Reform** of the formal educational system is a top priority in formulating a new civil citizen.
7. **Informal education** for youth (school drop-outs and militias), women, handicapped and the displaced should be accelerated.
8. **Technical and vocational** training is essential in meeting post-war needs.
9. **Cultural heritage** and collective memory should be reinforced as one element in enhancing peace among Lebanese youth.
10. **Development of international instruments** concerning the status and needs of the displaced, the missing, and war victims.
11. **Needs of traumatized children** must be urgently met as they represent 45% of the population, the future generation of Lebanon.
12. **Social welfare institutions** should be rehabilitated and a health policy edified.

One of the major achievements of the conference was identifying the actors, the problems, and the means by which aid to Lebanon can be given. Most governmental and non-governmental organizations have made it a policy to aid Lebanon as little as possible, except in the emergency relief arena. Their position is basically to wait until Lebanon has solved all its political problems and managed to create a lasting military peace. This position is also harbored by our government.

In view that this policy is in reality the chicken or the egg argument in what comes first, I stress as this conference's participants did that it is both illogical and unjust to postpone the work on peace building and development until the work on peace-making is finished. In fact, the various development activities carried out by Lebanese NGOs refutes the attitude of wait and see.

One NGO representative stated sternly that "They export arms to kill us, and then give us medical supplies to heal the wounds inflected by the weapons." Thus, while emergency relief is welcomed, there is a definite need to help those NGOs with programs for development, handicapped mainstreaming, peace-building and human rights education.

Moreover, the magnitude of the turmoil in Lebanon cannot persist without weapons. By suppressing the arms flow into Lebanon, the continuation of Lebanon's warfare would cease. This action requires our government's commitment to embargo arms transfers through Israel, Syria and, by sea from Iraq into Lebanon.

On the humanitarian level, we request that no blockades should ever take place as it did last year on the ports along the Lebanese sea coast so that needed pharmaceuticals and emergency relief can easily enter the country.

Since many shells have fallen on hospitals, and these facilities must function properly and expediently, medical areas must be declared neutral zones and all parties must respect their sanctity. Needless to say, with the upcoming opening of the academic year, the same must apply to educational institutions.

We urge that an international and, particularly, an American commitment to massive reconstruction aid be forthcoming. Humanitarian aid must be diligently pursued and increased. While the bulk of present aid was accounted for in previous years and is in the form of food assistance, the financial support of PVO's and NGO's including American-based institutions has been severely cut.

While we are grateful for a $7.5 million in the amendment introduced by Congresswoman Oakar in the House and authorized already by Congress for over a two-year period, we feel this is hardly enough in helping the emergency relief, urgently required as reported by UNDRO in June of 1990 (list of unmet needs is appended). We implore that additional shipments of food and medicine be sent to Lebanon to various Lebanese PVO's and NGO's as in the past where it has been equitably distributed according to State Department sources.

We also insist that financial support for the AUB and its hospital be increased within the American Schools and Hospitals Abroad (ASHA) funds. Former Assistant Secretary of State for the Near East, Richard Murphey says it best ". . . we believe the AUB family of men and women, whether Muslim or Christian, Lebanese or non-Lebanese, is an important, civilized voice of moderation and tolerance, not only in Lebanon, but throughout the Middle East and the world." Educational institutions such as AUB and BUC traditional symbols of Lebanon's rich intellectual and cultural heritage and proof of the American-Lebanese relationship, must not be abandoned and require financial assistance.

Conclusion

Again quoting from and in agreement with Hakan Wiberg, Lebanon has been ravaged for a very long time by one of the worst concatenations of wars in the world. The war has massacred, traumatized and ruined people of any age, gender, family or creed. There are so many and intertwined causes that they will keep historians and social scientists occupied for decades - and they will probably not agree even then.

Neither the making of "military peace", nor the building of "civilian peace' can wait for an agreement on what are the causes of the Lebanese conflicts. There are two enterprises that contribute to peace: eliminating causes of war and strengthening causes of peace, in other word such actions and institutions that are integral parts of peace-building. And the second enterprise does not have to wait for the first. For it is definitely true that wars begin in the minds of men, it is certainly there that peace must be sought.

In spite of all the catastrophes, Lebanon also has many assets on which to build its reconstruction. It is at the crossroads of major cultures - and while this in some ways has constituted a bane, it has also provided rich cultural resources to draw on, as well as an experience in cohabitation that lies so deep that it has managed to survive fifteen years of war to allow fruitful deliberations on reconstruction, development and peace building.

Wiberg concludes in stressing that Lebanon has also managed to preserve important parts of an educational system that even now is able to produce at a level that very many countries can envy . It has a vast expatriate community to draw on for reconstruction support and for international contacts - and it has great resources of craftsmanship and entrepreneurial talent, as seen in many parts of the world, and in Lebanon itself even under these most adverse circumstances. If the peace building and reconstruction initiatives can get more financial support, and if they manage to get better coordinated with each other and with international aid efforts, we will witness a stronger impact on building civilian peace in wide areas of Lebanon.

As a country concerned with human and democratic rights of all people, the United States has an obligation to reiterate and demonstrate its financial, diplomatic, and moral commitment to the people of Lebanon, who are already trying to help themselves.

It is for these reasons, I urge that this Committee include in its version of the bill at least a 7.5 million dollar earmark in humanitarian aid to Lebanon. This $7.5 million has previously been authorized in the FY 1990 and 91 foreign aid authorization bill. In addition this earmark was included in the House version of the foreign aid appropriation bill.

It should be again emphasized that $7.5 million is totally inadequate, and Save Lebanon urges Congress to increase its commitment to Lebanon to at least $25 million for fiscal year 1991 to support income generating projects, emergency relief and health needs as specified in the attached UNDRO report. The total aid requested for Lebanon which includes the aforementioned $7.5 million in the Economic Support Fund and $10.6 million in food aid is great, however more is necessary.

Hospitals Abroad program (ASHA) of $6.5 million to the American University of Beirut is critically and absolutely insufficient to meet the needs of this moderate and tolerant American institution. I urge that aid to all American affiliated academic institutions and hospitals be increased.

Furthermore, I urge this Committee to consider some form of debt relief for Lebanon. Lebanon is currently in arrears on certain US government loans causing it to fall under the Brook Amendment which prevents Lebanon from being eligible for non-humanitarian assistance such as economic aid.

Finally, Save Lebanon recommends and urges that Congress examine and support the positive elements working against the war in Lebanon. The majority of Lebanese are against the war and want it to end. Organizations such as the Movement of Handicapped and Youth for Peace and Human Rights in Lebanon and the Movement for Non-Violence are committed to this goal and are working on a grass-root level to achieve it. The American government must support and kindle these embers for peace within Lebanon. When these voices are joined with others, when these voices are strengthened and united for peace, they will drown out the sounds of guns and rocket mortars. They will stop the war. These faces of hope must be recognized. We believe that empowering them morally and financially will help achieve peace.

In conclusion, Save Lebanon stresses that Lebanon must not be forgotten; Congress and the American public must not use the American hostages as an excuse to absolve themselves from the complexities of the Lebanese situation or to explain the proposed cutbacks in earmarked funds. Nor should the argument that aid to

Lebanon must await a political and military resolution to the conflict. On the contrary, the United States must pursue diplomatic channels to achieve peace in the country while financially supporting those groups devoted to constructing a democratic, secular, peaceful, and free Lebanon. By strengthening civil society in social and medical relief, as well as peace, non-violence and human rights education, our government will be directly influencing generations of Lebanese to grow up believing in and practicing democratic non-violent means of conflict resolution; thus the permanent achievement of peace and development.

Appendix

United Nations Disaster Relief Organization
June 29, 1990

Unmet Priority Needs in Lebanon

Any assessment in most affected (i.e. conflict) areas difficult. In mid-June, and in close cooperation with some NGO's, HRC and UN organizations in Beirut worked out report by sector on situation and needs identification, incl. following list of unmet needs:

1. Emergency preparedness:	
Kits of drugs and supplies, relief items Sanitation products	$500
2. Food:	
25,000 MT wheat (or wheat flour equivalent), Lebanese government will make same value available for other humanitarian assistance such as repair of grain silos, etc.	$4000
3. Health:	
- Primary health care	$500
- Medicines	$734
- Drugs or chronically ill patients through selected hospitals and dispensaries	$500
- Anti-Cancer and anti-TB drugs	$500
- Public hospitals: emergency repairs and procurement of ambulances - immediate need (out of total USD 5 million)	$1650
- Training of nurses	N.S.
- Creation of eye bank	$50,000
4. Shelters:	
- Basic emergency repair of 2,500 units (kitchen and one room) out of USD 9.5 million for 14,000 units	$1,700
- Repair of 40 social welfare institutions (incl. equipment for kitchen, sanitary units, dormitory)	$1,000
5. Social welfare institutions (orphans, handicapped, elderly:	
- Relief material	$750
- Cash/material assistance toward operating expenses	N.S.
- Assistance to occupational therapy and vocational training of handicapped (basic equipment)	$250
- Small-scale assistance to hard-core social cases and community centers	$450
6. Education:	
- Orientation and retraining of 5,000 primary school teachers	$300

- Accelerated informal skills training programme in all Lebanese regions	$500
Basic repair and maintenance of 250 schools	$1,000
- Basic repair and educational aids to 22 public technical schools	$556
7. Sanitation:	
- Garbage removal/disposal (requirements for equipment/incinerators in greater Beirut: USD 3 million)	$654
8. Income earning activities:	
- Agriculture: inputs (seeds, fertilizers, pesticides, etc.) for recovery of small farmers' productivity, priority phase - total annual needs USD 8,000	$2,500
- Agriculture: eradication of animal diseases (total requirements: USD 2,300	$900
- Artisans and self-employed: loan programme of support for income earning activities	$500
9. Public infrastructure and services	
- Potable water supply, urgent repairs	$1,000
to Beirut water supplies (USD 400) and urgent repair and minor improvements in other regions (USD 600) and water quality control programme, major cities	$250
- Electricity: Basic materials and equipment for essential repairs to restore distribution of power greater Beirut, Mount Lebanon and north Lebanon (Dennieh, Akkar, Hermel). Total requirements: USD 15 million	N.S.
- Electricity: urgent basic repair of bared turbine (Kadisha)	$200
- Telecommunications: Basic equipment and materials for essential repairs to restore communications. Total requirements: USD 10 million	N.S.
- Silos: urgent essential repairs to Beirut port silos serving all Lebanon, priority phase (total requirements: USD 5 million)	$425
10. Support activities:	
- Technical and material assistance to high relief committee	$300
- Technical field assessment of damage, outlining of phased programmes, incl. essential rehabilitation of institutions, and preparation of only immediate phase works programme. Lump sum for technical surveys and studies programme of public infrastructure and services	$1000

STATEMENT OF DIANA C. CROWLEY, GENERAL MANAGER, STEWARD'S FARM GROUP

ZAIRE AND WORLD CONSERVATION IN THE 21ST CENTURY

While many countries are concerned about global environmental conservation; only a few bear the burden of having to protect a large proportion of the world's threatened natural resources. Zaire is one such country.

Zaire is the most environmentally significant country in Africa. Strategically, the country's forests account for over half of the African continent's remaining reserves. In addition to serving as the second most important sink for atmospheric carbon in the world, these forests are home to hundreds of rare and endangered plant and animal species. [1]

What Is Being Done

The Government of Zaire along with the international conservation community have worked together for over two decades to protect this unique resource. Unlike Brazil where rapid exploitation and independent views toward conservation have led to the uncontrolled deforestation of its forest resources, Zaire has at the national and international level taken steps to preserve its resources and share its biological heritage with the world. [2] Within Africa, Zaire has taken the lead in many areas of conservation. Beginning in the 1970s, Zaire was one of the first African nations to work with NASA's Goddard Space Program in the ERTS program to assess Africa's land resources. The Government has also fostered the development of local research centers and university programs designed to improve its national capability to better manage its resources. Zaire's Institut Zairois pour la Conservation de la Nature ("IZCN") is regarded as one of the leading governmental conservation agencies in Africa. The

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[1] USAID, "USAID/Zaire Global Change Initiative" (Draft, 1990). This draft document outlines priorities for Zaire as a member of USAID's GCC program.

[2] Conservation activities by The GOZ include projects co-sponsored by the World Wildlife Fund ("WWF"), the International Union of Conservation and Nature ("IUCN"), the New York Zoological Society, and other non-US environmental organizations such as the Frankfurt Zoological Society in Germany. International donor agencies operating in Zaire in the conservation arena include: CIDA, UNDP, IBRD and the FAO.

Zaire is also a signatory to such international conservation agreements such as Convention on International Trade in Endangered Species of Wild Fauna and Flora ("CITES"), the 1990 White House Conference on Global Change, the Man and the Biosphere Program ("MAB"), and the Convention Concerning the Protection of the World Cultural and Natural Heritage.

Institute employs some 2,300 persons from many disciplines including lawyers, land-use planners, ecologists, and nature guards.[3] However, the management of Zaire's natural resources remains a daunting task despite the best efforts of IZCN and the government, PVOs, and international donor agencies. Increased assistance is needed in the following areas:

Sustainable Development. Three-quarters of the country is covered by forests, making its rural population heavily dependent on the maintenance of the forests for its livelihood.[4] Throughout Zaire, thousands of indigenous tribal people rely solely on these forests for habitat, food, and cash incomes.[5] The World Bank has found that management of wildlands can be one of the least costly means of stimulating rural employment. Wild plant and animal species are of increasing importance to industry as sources of tannins, resins, oils and other commercially useful compounds. Development of the energy sector can be strengthened with the use of new technologies utilizing biological resources, which unlike petroleum and other fossil fuels, are completely renewable.[6]

Biological Diversity. At stake in Zaire are also the gene pools of the most biologically diverse country in Africa.[7] Zaire has been named by Conservation International as one of the remaining dozen countries in world where its biotic wealth makes it a "megadiversity" nation and in critical need of conservation strategies. Despite, Zaire's establishment of the earliest parks in Africa beginning with Virunga in 1924 and having tripled the size of its parks since the 1960s, the country because of its size and the number of species in need of protection requires urgent assistance.[8]

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[3] International Institute for Environment and Development ("IIED"), Zaire Forest Policy Review (Draft Summary Report, 1988).

IUCN, Draft Working Document (1990).

[4] FAO, The State of Food and Agriculture: World Regional Reviews 1987-88 (Rome, 1988). FAO estimates that only 3% of Zaire's land area is presently in agriculture. Per capita income is approximately $180 per year with 70% of the population rural-based.

[5] IIED, Zaire Forest Policy Review (Draft Summary Report, 1988).

[6] George Ledec and Robert Goodland, Wildlands: Their Protection and Management in Economic Development (World Bank, 1988).

[7] Conservation International ("CI"), Tropicus (Vol. IV, No. 1, 1990). CI ranks, for example, Zaire third in the world in the number of mammals with over 409 species many of which are endemic to the tropical forests of Zaire.

Global Warming. In 1990, USAID named Zaire as one of 10 nations in the world to participate in its Global Warming Strategy. As the only country in Africa to have been selected, Zaire must play the major role in representing the continent in this international effort to protect against planetary warming and the potentially profound impacts on human societies and natural systems. With about 9% of the world's total area of closed tropical forest, Zaire presents significant opportunities for carbon sequestering and stemming "greenhouse" effects.

What Needs To Be Done

Ten years ago, the Natural Resources Defense Council cautioned Congress that "sustainable improvement in the lives of the rural poor cannot be achieved unless a higher priority is given to the maintenance and protection of the natural resource base."[9] In the last decade, Congress has responded to this warning by passing a body of legislation aimed specifically at mandating

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[9] Natural Resources Defense Council ("NRDC"), Environment, Natural Resources, and Development: The Role of the U.S. Agency for International Development (NRDC, 1978).

[8] IIED, Zaire Forest Policy Review. Four out of seven of the country's national parks have been designated as World Heritage Sites because of their exceptional and universally important biological resources. The Salonga National Park constitutes one of the largest areas of protected rain forest in the world (some 3.6 million hectares, three times larger that the state of Connecticut in the U.S.). The Garamba National Park protects the remaining populations of the northern white rhinoceros, together with some 10,000 elephants and 40,000 buffalos and the largest remaining populations of giraffe in Zaire. The Kahuzi-Biega and Virunga National Parks are home to some of the last remaining populations of the mountain gorilla.

USAID to increase its activities in the environment and natural resource sectors. There is now emergent recognition of Zaire's importance by Congress, USAID, PVOs, and international donor agencies. But the country remains poorly equipped in terms of technical skills and human resources to meet the increased demands placed on a country participating in these global environmental relief efforts.

Donor countries and agencies can assist in the development of the following sectors of Zaire's environmental protection efforts:

Data Collection. The World Bank points out that monitoring and evaluation data is vital to national planning as it serves three major purposes: description, explanation, and prediction.[10] Zaire because of its size and the remoteness of its interior has yet to be thoroughly surveyed. This lack of information has hindered the efforts of the Government of Zaire and the international development agencies in determining management plans for country. The Oak Ridge National Laboratory in carrying preliminary plans for the Global Change program found that:

> "If timber extraction increases significantly, as it may be due to the closing of other markets in Brazil and Asia and the harvest land is not reforested, then emission from Zaire could increase substantially. Quality information and statistics on land-use and land-use trends are badly needed to ascertain the real risk in this region. ... Development of that information base should take high priority. No nation can wisely manage its forest if neither the extent nor the properties of the forest are known."[11]

A comprehensive data base should be implemented which can provide baseline information for surveys and can facilitate research initiatives.

Institutional Strengthening. U.S. environmental organizations, such as Wildlife Conservation International, WWF and IUCN, have been working successfully in Zaire for years. They note, however, that further strengthening of national agencies and training of local PVOs is urgently needed. In many cases, PVOs cannot work without the assistance of a government agency. Protection of parks and the prosecution of poachers and smugglers for example can only be administered at the governmental level.

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[10] Dennis Casley and Krishna Kumar, The Collection, Analysis, and Use of Monitoring and Evaluation Data (World Bank, 1988).

[11] Oak Ridge National Laboratory, Greenhouse Gas Emissions in Sub-Saharan Africa (Draft Report, 1990).

Another institutional difficulty is that many conservation programs cross national boundaries, as in the case of the African Wildlife Foundation's Mountain Gorilla Program. The world's remaining 310 mountain gorillas are divided between the three hindered the efforts of the Government of Zaire and the international development agencies in determining management plans for country. The Oak Ridge National Laboratory in carrying preliminary plans for the Global Change program found that:

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[11] Oak Ridge National Laboratory, Greenhouse Gas Emissions in Sub-Saharan Africa (Draft Report, 1990).

countries of Zaire, Rwanda and Uganda. The national authorities responsible for management of the gorilla conservation area have frequently emphasized the value of international cooperation. This type of communication requires that national authorities define and delegate jurisdictional and administrative responsibilities. Legal assistance for the drafting of national laws, enabling legislation, and international agreements will help formalize negotiations bringing long term benefits to national and international conservation activities.

Additional Efforts. Other activities which supplement Zaire's ongoing programs and which meet the criteria set out by Congress and USAID, include:

- planning of parks and developing of infrastructure for tourism and scientific purposes;
- building up existing forest management, rural development and environmental programs at the university level;
- structuring a consortium of international NGOs to work with local PVOs in which specific zones of the country are designated for their stewardship;
- promoting micro-enterprises which stimulate economic development and which protect wildlife and forests; and
- training for park personnel and extension agents in environmental education and community conservation programs.

In order to protect the natural resources of Zaire, the assistance of the United States and other countries is needed to improve Zaire's limited capacity to protect its population of endangered species and to conserve its vast forest reserves.

STATEMENT OF TED WEIHE, EXECUTIVE DIRECTOR, U.S. OVERSEAS COOPERATIVE DEVELOPMENT COMMITTEE [OCDC]

Mr. Chairman, I appreciate the opportunity to testify before the Subcommittee concerning the foreign assistance appropriations for FY 1991.

The U.S. Overseas Cooperative Development Committee, formed in 1961, is a private nongovernmental organization which represents more than 90 million members of U.S. cooperatives and their commitment to assisting cooperative development abroad. OCDC is composed of ten cooperative development organizations:

- **Agricultural Cooperative Development International**
- **Cooperative Housing Foundation**

- Credit Union National Association/World Council of Credit Unions
- Land O'Lakes
- North American Association of the International Cooperative Insurance Federation including League Insurance Companies, CUNA Mutual, Nationwide Insurance and other cooperatively based insurance companies
- National Cooperative Bank
- National Cooperative Business Association
- National Telephone Cooperative Association
- National Rural Electric Cooperative Association
- Volunteers in Overseas Cooperative Assistance

Currently, U.S. cooperative development organizations provide technical and training assistance in more than 40 developing countries. In addition to the economic benefits provided to cooperative members overseas, these programs build grass-roots democratic institutions and strong people-to-people relationships which contribute to understanding and world peace.

I. Role of Cooperatives in Overseas Development

Democracy building

We are proud of the economic development that we have helped over the last three or more decades. Literally millions of people have been assisted economically through cooperative projects in partnership with AID. But, we are proudest of our role in advancing grassroots democracy. Our cooperative projects have brought dignity and freedom to choose to many poor people who have had little opportunity for meaningful expression of their desires and needs through political or other institutions. Through cooperation, they can participate and understand democracy at its most basic roots - in their communities and by their hands raised at cooperative elections.

Cooperatives strengthen human development through providing for participation, ownership, control and open democratic operations through self-help organizations. These organizations can lift people out of despair and poverty. We provide such organizations with advice, encouragement, skills and technology to enable their members to move out of fatalism and onto a path of hope and opportunity.

As intermediary structures, cooperatives pool individual resources and empower people within their society. Whether in urban or rural settings, cooperatives are a means to integrate often isolated individuals through group action into the economic, social and political life of a developing country.

Cooperatives reinforce democracy and pluralism. They can take the engine of democratic change down to the grassroots of society. They impart democratic values to those who have not been given the opportunity to participate in either the economic or political decisions of their countries. Cooperatives do this through providing an enabling environment where people can actively control their own institutions and reach commonly held economic objectives through self-help and group action.

Private Sector Development

We view the cooperative role in development as the expansion of private enterprise opportunity through member-owned and controlled businesses in developing countries. Cooperative businesses are capable of: giving people access to credit, mobilizing their savings, counterbalancing market imperfections or distortions, providing services which governments do not provide, and bringing goods and services to members at lower cost or with better service.

While each of the Cooperative Development Organizations (CDOs as contrasted to PVOs) focuses on different sectors (agricultural supply and marketing, credit, rural power, housing, etc.), we hold to similar private sector principles. However, our cooperative strategies vary by country setting and differing sectorial requirements: rural electrification in Bangladesh, agricultural cooperative marketing in Mali and Indonesia, cooperative training on the West Bank and Gaza, cooperative housing in Honduras, credit unions in the Cameroon, a cooperative insurance agency in Jamaica, and coffee cooperatives in Uganda. In each of these cases, we work in partnership with AID and other donors when cooperative development is the primary focus.

Through our network of U.S. cooperatives and extensive sectorial experience, CDOs also work with AID on other assistance activities which are non-cooperative in nature. However, in these cases, we bring the same dedication to cooperative principles of participation and self-help development.

As private businesses, we hold that cooperatives must be profitable and as efficient as other types of business firms. Often, cooperatives are viewed as preferable forms of private business because, unlike investor owned businesses, economic benefits remain in the community.

Unfortunately, sometimes cooperatives are seen as primarily nonbusiness organizations. While we applaud the many objectives often associated with cooperatives, these extra benefits are only possible when a cooperative is economically sustainable. Cooperatives usually treat profit differently than proprietary firms. Rather than provide profits to investors, cooperatives return profit (often called margins) to their member-owners as patronage refunds as well as plow profits back into improved or expanded services for members.

We attempt to limit the intrusion of governments into cooperatives. While governments must provide a positive and enabling climate, and reasonable regulation such as registration, we strongly oppose heavy government intervention into the business affairs of cooperatives. Unfortunately, many so-called cooperatives in developing countries are cooperatives in name only; many are really government entities. We work only with true private sector cooperatives or assist in "privatizing" state-dominated cooperatives.

Open Markets

Today, the role of cooperatives is even more important as governments turn to the private sector and open markets. As previously statist governments take the initial painful steps to free up their economies, it is becoming crystal clear that they need help in addressing first and second generation problems related to government divestiture of economic functions.

For example, in a number of African countries, governments have made the difficult decision to get out of the agricultural input supply business. But, no one anticipated that the private sector, particularly the cooperatives, which in fact were wholly owned and run by the government, were not geared up to step in and provide the necessary services to the farmers. As a result, farmers did not receive fertilizer, seed and other inputs on a timely basis. In some countries, privately-owned agricultural companies with monopolistic positions were only too happy to provide inputs for farmers at prices well above international market rates. Consequently, there has been great pressure on these governments, successful in some cases, to get back into the picture, thus negating much of the economic reforms which had taken place.

There is growing recognition that non-governmental institutions which can serve the interests of the farmers and nonfarmers alike, and be profitable are essential ingredients to the reform process. In fact, we would argue that institutional development of truly private sector cooperatives is essential for many reforms to work in both the urban and rural environment. Where you have many small producers cooperatives are one of the few business approaches that can provide marketing and input services that fit their needs. The same is true for self-help housing where cooperatives make possible non-governmental solutions to low cost shelter. Or, credit unions which provide credit to low income people where neither government agencies nor private banks can reach or serve effectively.

Cooperatives in the developing world face an unparalleled challenge and opportunity. They need to reach the institutional threshold which enables them to provide better and more competitively priced services. Most of these cooperatives have neither the experience nor the technical capacities to go it alone.

There is an historic opportunity for CDOs to make a major contribution to the economic reforms which are taking place. U.S. cooperative development organizations have the experience and ability to assist these developing country cooperatives. We have pioneered in many successful cooperative development programs including innovative approaches for technical assistance and training.

This reform process and the need to create viable private sector institutions apply especially to emerging democracies in Eastern Europe and elsewhere. Although the status and effectiveness of cooperatives varies from country to country, the principles and practices of democratically controlled cooperatives are generally understood and have roots in differing cultures.

In Poland, Hungary, Czechoslovakia and Nicaragua, we are undertaking programs or have recently sent assessment teams to to help foster economic development and consolidate democracy. U.S. cooperatives have the desire and ability to respond to the economic and political challenges of emerging democracies whether in Eastern Europe or our own hemisphere.

II. Poland and Eastern Europe

Poland is leading the way for democracy and a free market economy in Central and Eastern Europe. Other "non-market" and former communist countries in Europe and elsewhere in the world are watching Poland's unprecedented effort to rapidly transform its economy. Those who believe in free market principles cannot afford a failure in Poland. Failure would produce an unstable situation, economically and politically, which could invite more radical solutions from either the left or right. Failure could endanger the security of all of Europe and make a "peace dividend" less likely.

The experiment in Poland is under great stress. The macro-economic policies adopted by the Mazowiecki government appear to be generally correct and provide the necessary climate for the emergence of a market economy. To succeed, however, the experiment also requires: (1) sufficient time and public support for market forces to work, and (2) adequate financial and entrepreneurial help from the West.

The Polish Government has predicted that in the short run the economic reforms introduced in January will create a 30% reduction in standard of living for Polish people across the board and a loss of at least 600,000 jobs. The growing split within the ranks of Solidarity indicate a growing tension between adjustment policies and protection of workers who are being adversely affect through layoffs, rising consumer prices and declining salaries. Six months into the reform program, political opposition has resulted in labor strikes by railroad workers and protests by farmers.

If economic conditions do not improve relatively soon, people will begin to believe that their lowered standards of living are permanent, not temporary. At that point, it will be difficult for the Solidarity government to avoid blame, and the free enterprise experiment may be reversed.

It is the viewpoint of U.S. cooperatives that the United States has not done enough to ensure success in Poland. In the early days of his administration, Prime Minister Mazowiecki said that "those who give now, give doubly." But, the U.S. response has been slow.

Congress passed the Support for Eastern European Democracy (SEED) Act of 1989 with significantly increased resources for Poland and the President signed it last November. This Subcommittee provided substantial financial resources in FY 1990, yet little assistance beyond emergency food aid is actually reaching the people. A notable exception, which this Subcommittee made possible, is the Polish Farmer-to-Farmer program by Volunteers in Overseas Cooperative Assistance (VOCA) which is fully operational and is described later in the testimony.

Increase Assistance

With the momentous events in Eastern Europe, U.S. cooperatives agree with Congress that this is the moment to offer major economic assistance programs to help these countries in the difficult transition to democracy and a free market. These countries have dreamed of achieving democracy and economic prosperity for decades. They have looked to the United States as a model. We have an obligation to offer adequate assistance as soon as possible despite our own budget difficulties.

We fully appreciate the Subcommittee's difficult task of balancing economic assistance among competing and worthy recipients and goals. U.S. cooperatives support the higher levels of funding for Eastern Europe contained in the House-passed appropriations bill, H.R. 5114.

In our opinion, increases in assistance to Eastern Europe should come from a shift in military spending predicated on the Cold War which no longer exists, and consistent with the new realities we face in Europe and with the Soviet Union.

Like other private organizations dedicated to helping the less fortunate abroad, we fear that assistance to Eastern Europe, as well as the new demands for assistance to emerging democracies such as Panama and Nicaragua, will come at the expense of poor countries and people in Africa, Asia, Latin America and the Caribbean. We want to support the Chairman and Subcommittee in finding sufficient resources for Eastern Europe from the U.S. overseas military programs and, if possible, from the Defense Budget.

Strengthen the impact of aid

Based on the extensive field experience of U.S. cooperatives over the last seven months, we would like to offer the following suggestions for increasing the impact of U.S. assistance to Poland.

The importance of focusing U.S. assistance on Poland's agricultural sector cannot be overemphasized. With Poland's farmland in private hands, agriculture offers the most promising potential to jump-start the economy. Early gains in agricultural productivity can have a positive ripple effect throughout the economy and can offer some immediate and urgently needed successes for the new Polish leadership. Adequate and reasonably priced food for Polish consumers is one of the major first tests of the new economic policies of the Solidarity-led government. We strongly urge the Subcommittee to target U.S. assistance to this critical sector.

Farms in Poland are among the smallest and least mechanized in Europe. One in every eight citizens is a farmer, compared to one in seventy-six in the U.S. Many of the country's 2.5 million farmers will need to leave farming and the more progressive farmers to consolidate their holdings. But, this shift must be gradual.

Meanwhile, it is essential to dismantle the state enterprises which are unable to supply inputs, adequately market nor efficiently process agricultural commodities for an adequate return to farmers and reasonable prices for consumers. Given the large number of small farms, true private sector cooperatives are essential to the transition to a market economy.

We also believe that a high priority must be given to the rapid implementation of activities which will assist the Polish people in the creation of financial institutions. Organizations such as credit unions and rural cooperative banks cannot be created overnight. In Poland, where members will need to acquire an understanding of free market forces, the training required to assure effective member-controlled financial cooperatives will be more demanding than in other countries. Solidarity understands this and is willing to move less rapidly than they would be inclined to do in order to assure sound development of these cooperative institutions. But, a failure to respond rapidly to the initial challenges of institution building may lead to precipitous implementation actions and programs which could result in missteps and financial failure.

Our organizations have met with the executive director of the Polish-American Enterprise Fund. We expressed our concern that this fund may not focus sufficient attention to agriculture, and small and medium size agriculturally-related companies and cooperatives. We also believe the fund should support the development of entrepreneurial skills through extensive in-country training and other support services essential for private sector cooperative development.

Each of our cooperative missions to Poland have returned with a strong impression on the importance of bringing Polish farmers, agri-business managers, and others to the U.S. to observe and learn from our farmers, cooperatives and agri-businesses for improved private sector techniques and methods of production, processing, marketing and management.

Finally, U.S. cooperatives believe there is a need for a strengthened role for AID in coordinating U.S. assistance and for a senior level AID in-country presence in Poland. The range of important development activities being undertaken by the U.S. and other donors cannot be effectively coordinated or managed back here in Washington nor by the small staff of the U.S. Embassy in Warsaw.

Support for cooperatives

Cooperatives are playing a major role in the emergence of democratic institutions and market economies throughout Eastern Europe. In Poland, farmers have lost confidence in cooperatives as well as other farmer organizations because of state control and domination. Cooperatives have been operated in the past for their benefit. They have not been consistent, reliable suppliers of farm inputs, housing or consumer goods. Because central planners have set prices and supply quotas, cooperatives have been reduced to a perfunctory role in marketing.

Yet, Polish farmers and consumers recognize the need for true private sector cooperatives and are familiar with successful Western-style cooperatives in Europe and the U.S. Prior to World War II, Poland had a rich private sector cooperative tradition. However, they were converted into a state-controlled system in which farmers had no choice other than to market, process their commodities, store, transport or purchase supplies from these state-directed enterprises. In the 1970s, many cooperatives were converted to the Hungarian model which brought together a number of farmers through land swaps and farmer-employee arrangements to manage a cooperative farm. Since members retained their initial land ownership, these are different from state farms which were generally favored by the state-controlled agricultural system.

A number of small horticultural growers fought through years of red tape and formed genuine private sector cooperatives. But, they still had to rely on state trading companies for export.

The Solidarity Government has begun a campaign for renewal of the entire cooperative sector. A law, approved in January 1990, dissolved all cooperative unions. Assets of these unions have been turned over to government-appointed liquidators who are distributing them to local cooperatives, worker-owned companies or selling them at public auctions.

In March 1990, every cooperative held elections for a new board of directors. It is estimated that 12 to 13 per cent of the cooperatives elected boards which are truly committed to the membership. In other cases, the same boards were re-elected which had operated under the state-appointed managers.

In May, the first free elections in 50 years occurred in Poland at the local level. These elections have emboldened the members of many cooperatives to take over the assets of their old state-controlled cooperatives and to create new farmer-owned cooperatives with boards responsive to membership.

The major challenge to these private cooperatives is to change the old thinking based on allowing management to run the cooperative without the involvement of members. The private cooperatives are working hard to capitalize their operations with significant member shares to undertake profitable services to achieve member loyality and increase farmer incomes. Many obstacles still remain to be resolved such as the division of assets of old cooperatives, removal of members who refuse to pay for new shares, and defining the cooperative's niche in the marketplace. This is made more difficult in the absence of a general cooperative law, lack of a credit system and an ineffective extension service.

Thus, the restructuring of the cooperative sector is at the early stage and not fully organized. In agricultural credit, pilot regions are being selected where modern banking techniques will be put in practice in local and regional rural cooperative banks. Reform of the extension service is at a more advanced stage with the new Deputy Minister of Agriculture from Rural Solidarity selecting new leadership which is committed to improving services to private farmers.

There are minimal barriers to the formation of new cooperatives which are a central part of Poland's privatization efforts. The Government has created a positive environment for the emergence of truly private cooperatives.

While initially responding to Poland, we are undertaking study missions and receiving delegations from other Eastern European countries to discuss technical assistance, training and trade opportunities. Our focus will be on the decollectivization of agriculture, dismantling state enterprises, creation of new private sector cooperatives and credit unions, and support to private enterprises in Bulgaria, Czechoslovakia, Hungary and Romania. We are also exploring programs in Soviet Union and Yugoslavia.

The Farmer-to-Farmer Program

With the support of the Chairman and this Subcommittee, Volunteers in Overseas Cooperative Assistance (VOCA) launched the $1 million Poland Farmer-to-Farmer Program in which over 110 experienced U.S. agriculturalists and farmers will provide assistance directly to Polish farmers. This program is one of the few that the Subcommittee has supported which is fully operational today and is having immediate impact on improving Polish private sector agriculture.

To date, 23 volunteers have provided the following assistance:

- Establishment and early operations of private agricultural cooperatives at the request of Rural Solidarity in the Rzeszow and Olsztyn regions.
- Improved food processing and marketing of existing private cooperatives in Rzeszow
- Privatization of state agricultural enterprises in Ilawa (seed processing) and Rzeszow (trucking)
- Establishment of private meat processing enterprises (national survey)
- Dairy production and milk handling
- Cooperative banking
- Poultry equipment manufacturing

The volunteers have been well received in Poland by government leaders and farmers who are seeking detailed and technical help. VOCA has established a field office to identify critical agricultural bottlenecks where short-term immediate advice and assistance are needed. VOCA is augmenting its advice with a small critical equipment fund in which cooperatives must make a cash contribution into their equity ownership for the amount of the grant to purchase the equipment.

Upon returning from Poland, the volunteers have stressed the urgency of the need for assistance now. This imperative is made more urgent by the fact that the cooperatives in the country have elected new leadership dedicated to the free market system, but who lack the know-how and experience to make it happen. They also stress the importance of bringing Polish farmers and agricultural managers to this country to visit U.S. farms, cooperatives and other agri-business to observe our production, processing, marketing and business practices.

The Poles are highly receptive to technical assistance patterned on U.S. cooperative and private business models. For example, two volunteers from Wisconsin helped form the first newly registered agricultural supply and marketing cooperative under the Solidarity program which the Poles appropriately named "Agro-Wisconsin." Publicized in a nationally televised seminar, this farmer-designed model of rural enterprise can be replicated countrywide. Another volunteer committed himself to help the managers of the processing plant with which he worked to form a joint venture with a U.S. company.

We believe this people-to-people approach is not only cost effective but has immediate and significant impact, and that this approach also can be applied successfully to other Eastern European countries.

To continue the program in Poland and extend it to other Eastern European countries, we urge the Subcommittee to appropriate $2 million in FY 1991 funds. This would make it possible to place approximately 150 volunteers in the region next year. Such an effort would be focused on assisting private farmers and their organizations in the transition to free market commercial operations.

U.S. volunteers would assist in the development of business organizational and management skills for private farmers, their service organizations (cooperatives and producer associations), private agricultural firms, credit institutions and NGOs engaged in rural development. An important component of assistance will be to assist private farmer-owned and controlled enterprises to furnish services previously provided by state monopolies.

Credit Unions

In November 1989, a two person team of the World Council of Credit Unions, located in Madison, Wisconsin, visited Poland at the request of Solidarity to examine and discuss the potential role of credit unions in that country. The team found that Solidarity had already created a credit union working group in Gdansk which was studying how best to introduce credit unions in Poland. The U.S. credit union experts found that:

- Most people in Poland do not have access to savings and credit services.
- There is a marked distrust of those financial institutions which do exist.
- There is a need and strong potential for member owned and controlled credit unions at the community and workplace level.
- Solidarity is committed to support credit union development not only for the labor movement but for the country as a whole.

And like earlier U.S. cooperative missions, the team found that there is a sense of urgency in Poland and that people are tired of promises and are looking for tangible actions.

The World Council of Credit Unions was asked to provide immediate assistance in three areas. First, they were asked to organize and sponsor an orientation trip for six Polish representatives to familiarize them with the operation of credit unions in free market economies. Second, they were requested to field a team of credit union experts to travel to Poland to assist a Polish team to carry out an assessment leading to the definition of a long term credit union development strategy. And third, it was requested that the World Council assist their Polish colleagues develop a proposal for the implementation of this strategy.

World Council response has been a rapid one. A four week study tour in the United States, Canada and Ireland by six Polish representatives selected by Solidarity and the Polish Ministry of Finance was completed in March. Given the need for quick action and the lack of funding mechanisms in place, the international credit union movement undertook to finance this activity on its own. The most significant contributors were the Credit Union National Association (CUNA) Foundation which allocated $40,000 in voluntary donations to this effort. The tour was designed to help these Polish representatives understand the principles and practices of credit unions in free market economies and to assist them to attain the background necessary for effective participation in the second stage of assistance.

A World Council team has just returned from Poland where it helped to carry out this assessment. A long term development proposal will be prepared in the next month. These two stages of work are being partially funded by AID, which has also provided funding for a limited number of initial training and pilot project activities. This will help to set the ball in motion, but the needs in Poland are such that significant additional assistance is necessary. It is estimated that a solid credit union development program in Poland would require funding at a yearly level of approximately $1 million. The program would be carried out through a Foundation for Credit Union Development to be jointly established at the end of July by Solidarnosi and the World Council of Credit Unions.

A similar line of action is being followed in responding to a request for assistance from Hungary. An initial visit to Hungary was completed in early 1990. An orientation trip to the United States, Canada, Ireland and Korea is underway at this time. And a technical team visit to Hungary is anticipated prior to the end of the year. AID has provided funding assistance to carry out the orientation trip. Additional resources will be required for the assessment, design and implementation stages of a credit union development in Hungary.

Poland and Hungary are but the first of a growing number of requests being received by the international credit union movement for assistance in Eastern and Central Europe. It is clear that credit unions are viewed as a part of economic retooling efforts throughout much of this region. Given this interest and the crucial role that credit unions could play in this important process and the need for rapid and effective action, we are requesting that the Committee provide an allocation of $5 million in training and technical assistance in the FY 91 appropriations bill.

Dairy development

Land O'Lakes sent a team to Poland in December 1989 to evaluate the dairy production and processing practices, current dairy and marketing policy, and feeds. Subsequently, Land O'Lakes hosted a group of general managers from Polish dairy processing plants for a ten day study tour; conducted a feasibility study on dairy development needs and brought four young Polish farmers to the U.S. for a year to study the U.S. dairy industry and gain field experience.

This summer, Land O'Lakes will be undertaking a major three year training program in farm management, production skills and in agricultural services for small entrepreneurs in the initiation and expansion of agricultural enterprises. The program will expose Polish professionals to the workings of the free-market including agricultural production, processing, marketing and distribution systems.

The training focuses on three groups of Polish participants -- dairy producers, swine producers and farmer cooperative members/agri-business professionals. The production trainees will be placed with farm families for five months and a month of more structured technical training. The agricultural interns will be placed at entry level positions within local cooperatives, research stations, farm credit services and agri-business.

Land O'Lakes is also exploring an investment to take over a Polish state-controlled dairy facility and turn it into a private sector operation. Other investment and trade opportunities are also being examined.

For a number of years, Land O'Lakes has been exploring the establishment of a model cooperative dairy cooperative in the USSR.

Rural telephone systems

After an initial assessment, the National Telephone Cooperative Association found strong interest by Polish government and rural leaders including Rural Solidarity for the introduction of rural telephone systems in Poland based on the U.S. model. There are only six phones per 100 rural residents and a 13-year nationwide waiting list of nearly two million customers.

NTCA will soon launch a technical assistance program towards the creation of four pilot rural telephone systems It envisions the donation of critical telephone switching units which are in surplus in rural America as well as volunteer technical assistance. The model systems are intended to be expanded into a nationwide, comprehensive program. Polish leaders recognize the importance of adequate telephone service to modernize agriculture, strengthen the free market and support grass-roots communications essential to democracy.

NTCA is also attempting to provide technical assistance in rural telephone service in Hungary.

Cooperative business opportunities

Polish, Hungarian and Czechoslovakian cooperatives have requested technical assistance and investments from U.S. cooperatives. Delegations from these countries have visited U.S. cooperatives throughout the United States. Truly private sector cooperatives represent the best hope for moving to a market economy through divestiture and deregulation of government controlled entities. Hungary and Czechoslovakia, and other Eastern European governments, are concerned about "selling out" to foreign investors. Member-owned private cooperatives are an alternative that puts economic decisions into local hands. In turn, these cooperatives can enter into joint ventures and marketing efforts with foreign companies.

A conclusion of a recent agricultural mission by U.S. cooperatives to Poland is that there are many opportunities for small and medium scale joint ventures in food processing, storage, marketing and other endeavors. However, a mechanism is needed to involve U.S. agricultural cooperatives which have the appropriate technologies and capacities to enter into joint venture efforts and to assist Polish entrepreneurs to prepare financially sound business proposals and to attract U.S. investment.

The National Cooperative Business Association has initiated an effort to facilitate this type of U.S. cooperative involvement through a proposal for the creation of a Cooperative Trade and Business Development Center to provide technical assistance, training and equity capital to local cooperatives and to link up U.S. cooperatives with investment and trade opportunities. The center concept has been discussed with AID and in March, NCBA brought together a number of U.S. cooperatives to discuss their involvement in Eastern Europe. The response was very encouraging.

The center would be a joint AID and private sector initiative in which U.S. cooperatives would pledge to: (1) play an active role in business and trade ventures, (2) provide technical assistance and training, and (3) share in financing its operations. The center would provide a focal point in Eastern Europe to identify business opportunities for participating cooperatives. The center would provide technical assistance to Eastern European cooperatives such as updating and improving business operations, food processing, quality control and marketing. The center would provide co-financing for Eastern European cooperatives through an equity fund and loans. The center also would identify potential markets for U.S. cooperative products and counter-trade opportunities.

Five cooperative businesses and the Cooperative Development Foundation have agreed to invest a total of $750,000 for five years in the center. They are Land O'Lakes, Indiana Farm Bureau Cooperative Association/Countrymark, World Wide Sires/A.I. Cooperatives, Nationwide Insurance and Ag Processing.

We encourage the Committee to support the center through providing $7.5 million for a five year program and at least $1.5 million in FY 1991 from funds designated for Eastern Europe. In our opinion, the renewal of Eastern European economies and strengthening of grass-roots economic democracy will be quicker and more effective through this effort to restore truly member-owned and controlled cooperatives.

Housing

In Poland, the lack of housing and the inability of the former government to address the situation has resulted in approximately three million people who are on waiting lists for homes and apartments. Young people get married and move in with their parents for an average of six years or more. In older houses, conditions are often unsafe, unsanitary and primitive with no water or electricity and in new dwellings the plumbing and heating are frequently deficient. In Poland, as in all of the countries of Eastern Europe, the production of housing lags far behind effective demand.

Officials of Solidarity have visited the Cooperative Housing Foundation's successful Cooperative Neighborhood Improvement and Job Program in Central America. This AID-supported program assists private, non-profit institutions to develop low cost housing and community facilities through loans to grass-roots organizations such as credit unions and housing cooperatives. CHF is seeking to respond to the interest by Solidarity for undertaking a similar program in Poland.

We strongly support the setting aside of specific funds for Eastern Europe, as in the House Appropriations FY 1991 bill,to address the critical housing shortage.

Agricultural and food assistance

Based on the findings of a three week assessment trip, Agricultural Cooperative Development International (ACDI) and VOCA have made seven recommendations to AID and USDA:

1. U.S. agricultural commodity assistance in the form of feed grains should be extended beyond one year and the monetization program itself should be designed to achieve maximum developmental effect. Through the utilization of fledging private sector marketing channels for the importation, handling and sale of commodities.
2. Target the poultry industry to achieve rapid impact.
3. Conduct a comprehensive feed industry study.
4. Assist in the establishment of appropriately-scaled and financially viable agri-businesses.
5. Reform and strengthen the existing network of local cooperative banks while introducing new private support banks.
6. Emphasize training for private sector business management and development of cooperative organizations.
7. Help create a new partnership between the extension service and private farmers.

We believe that U.S. agricultural commodity assistance can play a constructive role and should be provided on a multi-year basis. Polish farmers are understandably opposed to U.S. food assistance provided directly to their consumers which depresses market prices. However, they support the provision of feed grains and protein supplements to improve their animal production.

Polish farming is chiefly characterized by animal production with about two-thirds of the land devoted to the production of animal feed. Basic food crops and animal feed such as grains, potatoes and fodder crops represent over 90% of the cultivated areas and 40% of the total value of agricultural production. The value of sales of grains and fodder represent only 15% of total farm sales due to the high on-farm consumption as livestock feed. Thus, most of grain production is for livestock rather than human consumption.

Grain such as wheat, rye, barley and oats is being fed to animals. Because protein feeds are in short supply, much more grain must be fed to achieve a a given weight gain for animals than would be necessary with a properly balanced diet. Thus, grain is being wasted. The availability of U.S. feed grain and protein supplements would allow the farmers to continue their animal production at a higher level of efficiency and free up the supply of small grains for human consumption and export.

For these reasons, we recommend a more targeted approach to U.S. agricultural commodity assistance in terms of products and to strengthen animal production in Poland.

We concur with the Administration's approach to monetize U.S. commodity assistance (that is to sell it on the local market and use the local proceeds for development). However, we believe that greater developmental impact can be achieved by directing food assistance away from government-to-government and to private-to-private channels.

Agriculture Cooperative Development International has proposed to AID and USDA that they receive U.S. feed grain donations (Section 416) and sell them to and through private institutions in Poland.

The program, which is under active consideration by USDA, would stimulate the development of private enterprise in two ways: First, distributing the grain through private channels strengthens private enterprises which handle, transport, store and sell the food. Unlike the current monetization program, this approach would avoid strengthening the current government monopolies which control commodity imports, transportation, milling and sales. Secondly, the local currencies generated by the sale of such U.S. surplus commodities could provide valuable assistance to private agri-business development entirely on a private sector basis, rather than through the U.S. Government.

III. Support for PVOs and Cooperatives

For several years, your Subcommittee has included report language which supports private and voluntary organizations and cooperatives. Last year, the Subcommittee indicated a level of central funding to the Office of Private and Voluntary Cooperation (PVC) for PVO programs at $60 million, including $6 million for development programs by U.S. cooperatives.

This important office, which allows for more independent funding for worldwide programs for PVOs and cooperatives, was funded at $57.3 million in FY 1990 as a result of your support. The FY 1991 request is $55.75 million.

The United States is unmatched in its degree of volunteerism Most of the great movements in U.S. society have their origin in the "independent sector," for example, abolition of slavery, environmentalism, civil rights, public schooling, public libraries, farmer cooperatives and the care and opportunities for the handicapped.

U.S. PVOs and the overseas development work of U.S. cooperatives are international expressions of people helping people in this great voluntary tradition. The over 250 U.S. PVOs and cooperatives registered with AID have an expanding revenue base from private sources of upwards of $1.95 billion per year.

The PVC office also supports worldwide programs of U.S. cooperatives. U.S. cooperatives contribute to private sector development, strengthen the opening of markets by overcoming private and public monopolies and strengthen grass-roots democracy for low and moderate income people through their participation in democratically-run operations of self-help businesses.

With a shrinking U.S. development assistance budget, we believe that these people-to-people channels of assistance should be significantly strengthened including a stronger voice within AID.

We recommend that the Subcommittee continue its support for funding the PVC office at $60 million in FY 1991 including $6 million for overseas cooperative programs. This level of funding would maintain current programs including PVO matching grants, cooperatives, child survival programs, development education and ocean freight reimbursement. It would provide a modest increase in child survival and food aid enhancement programs.

IV. Diary Development

We encourage the Subcommittee to maintain the $5 million earmark for dairy development in AID's agricultural account, currently in the House-approved H.R. 5114, the Foreign Assistance Appropriations bill for FY 1991. This program builds markets for U.S. dairy products and technologies, strengthens agricultural development efforts through assistance to small dairy farmers, and boosts local milk and dairy product consumption for better community nutrition.

Because of reduced worldwide surpluses, developing countries are giving priority to developing their own domestic dairy industries to provide much needed nutrition for their vulnerable populations, especially children. The program has supported assistance to small farmers, private companies and cooperatives in over 15 developing countries.

The dairy development program, initiated by the Subcommittee and Senator Kasten in FY 1986, has largely been undertaken by Land O'Lakes. Unlike other participants in development efforts, Land O'Lakes applies its company experience in introducing and developing a complete farm-to-consumer system in a developing country. With 500,000 members, Land O'Lakes provides foreign agriculturalists hands-on training and business experience at an appropriate level of technology. Through an extensive communications network, Land O'Lakes also educates its members and rural communities about the importance of U.S. foreign assistance and the opportunities for international markets for U.S. agricultural goods.

Through its research department, Land O'Lakes has developed a processed, caloric and vitamin fortified dairy food product which can incorporate biologically active proteins. These proteins are present in milk and have already proven to be effective in the prevention of diarrhea in animals and humans. Land O'Lakes also has applied its research to assist dairy plants in developing countries to produce an aseptic, safe liquid oral rehydration solution. Both the diarrheal preventative and therapy can combat world hunger, malnutrition and reduce infant mortality. Land O'Lakes is exploring the application of these technology breakthroughs with AID towards their utilization in developing countries.

V. Micro-Enterprise Development

We encourage the Subcommittee to continue to support micro-enterprise development at not less than $75 million in AID funding including locally-generated currencies in FY 1991. However, we strongly oppose legislative criteria and report language which sets loan limits or overly restrictive targets for reaching specific country poverty levels.

We are committed to the implementation of programs which reach the poorest sectors of developing societies but believe that attempts to limit such programs exclusively to these sectors will make it almost impossible to establish high impact self-sustaining programs.

AID has made important strides in micro-enterprise development: strong financial commitment, high level of interest by senior staff and extensive technical support. It is our belief that, though its record is far from being perfect, the Agency is serious about helping to provide lending to the poorest and marginal groups.

Rather than establish rigid legislative poverty targets and loan limits, it is far more desirable to request the Agency to collaborate with other development practitioners and Congress in an effort to define ways in which effective outreach to poverty groups can be demonstrated without resorting to arbitrary poverty targets and loan limits which would result in extensive costs for monitoring and tracking AID funds.

Targets and limits, if not properly defined, place intolerable administrative burdens on small and relatively unsophisticated local institutions which should be focusing on providing effective services and support to their clients, not tied into knots by unwieldy and time consuming reporting requirements which might well be impossible to meet. We would prefer that these institutions focus on effective services to the poor, rather than spending endless hours trying to determine how to establish whether program beneficiaries fall into the lowest 20th rather than 30th percentile of the population.

U.S. cooperatives and credit unions have been involved in micro-enterprise development for many years and, in fact, many of the new techniques are refinements of programs that cooperatives and credit unions have undertaken throughout the world. Our experience as well as that of independent evaluators, and confirmed by the AID Advisory Committee on Micro-Enterprise, suggest the following lessons:

- Assistance programs for micro-enterprise must recognize that local implementing groups have their own perspectives about what will and won't work in their respective countries. Program designs should not be imposed by AID, foreign PVOs or cooperative development organizations.

- Successful micro-enterprise programs require an understanding of the economic and social circumstances of the targeted entrepreneurs. Loan and other assistance requirements vary enormously by country and the level of development of the enterprises to be helped.

- Programs need to be flexible. Micro-entrepreneurs, most of whom come from the informal sector, are dynamic; they respond to opportunities and change very rapidly. AID projects and host country lending institutions also must be flexible and able to respond to changing needs of targeted clientele.

- Programs should encourage and support the growth of the micro-enterprises. Very few micro and small entrepreneurs graduate to borrowing from commercial banks. Host country groups must be able to grow with their clients and help them grow by providing larger loans over longer periods.

U.S. cooperatives believe that in spite of the major difficulties confronting micro-entrepreneurs - lack of legal status, lack of credit and inadequate business management skills, they are an increasingly significant part of national economic development in most developing countries. Usually, they do not qualify for commercial credit and rely on moneylenders or local merchants for financing and inventories.

While development agencies have become increasingly interested in the micro-enterprise sector, we must be candid that results to date have been mixed. Although many project have succeeded in channeling credit and other resources to selected micro-entrepreneurs, the project scale has generally been small. The project costs per loan have been high when the full costs of technical assistance are included.

The challenge of micro-enterprise development is to target limited assistance in ways that support replication and self-supporting systems for millions of micro-entrepreneurs. Credit unions provide an example of one of the ways in which this challenge can be met.

While a great deal of attention has been given to a few one-of-a-kind experiences, little attention has been given to the total impact and even greater role which credit unions can play in the field of micro-enterprise credit. Such lending exists today in 72 countries in the developing regions of the world where nine million credit union members in more than 20,000 credit unions have demonstrated that the poor not only can but will save if given the opportunity. These members have saved in excess of $3.93 billion which in turn supports annual lending in excess of $3.25 billion. It is conservatively estimated that locally generated credit union member savings support yearly micro-enterprise lending of some $700 million. This could be significantly increased through the introduction of specialized programs of micro-enterprise lending within credit unions. The desired goal of increasing credit service to larger and larger numbers of the poor can be sought in part through an increased emphasis on the role that credit unions and other types of cooperatives can play in this process.

Increased funding attention to credit union micro-enterprise development activities would greatly facilitate the development of credit activities capable of reaching the poor in an effective and self-sustaining manner in diverse countries such as Bolivia, Nicaragua, Malawi, Uganda, Zambia, Sri Lanka, the Philippines, and Guyana where vast proportions of the population are below the officially recognized poverty line and average yearly per capita incomes rarely exceed $600.

Other types of cooperatives can also play key roles in such efforts. In Egypt, the National Cooperative Business Association is providing advice and training to two non-profit foundations. These new foundations will provide credit and management assistance to micro and small entrepreneurs in low income neighborhoods of the densely populated cities of Cairo and Alexandria. Loans will be used for working capital and equipment. Similar activities in other countries would add to the overall impact which cooperatives can have within the informal sectors of the developing world.

VI. Energy and Electrification

We wish to acknowledge the leadership of the Subcommittee in supporting energy development and rural electrification. In particular, we urge your continued support for the rural electrification initiative in Central America. This program, administered by the National Rural Electric Cooperative Association (NRECA), is addressing critical obstacles to increasing productivity and alleviating poverty in rural areas.

We believe that the Subcommittee's global warming initiative can be integrated with rural electrification projects. NRECA has helped organize many consumer-owned and locally-controlled electric distribution systems which can be significant partners in a global warming strategy because of their rural proximity to the key factors surrounding the issue: inefficient agriculture leading to slash-and-burn; forestlands that protect vital hydroelectric resources; and renewable energy resources that can help meet the 2-3 billion people in rural areas that are crying out for electric service. These and other systems can link sweat equity agreements for new rural electric extensions to communities that agree to participate in forestation projects.

Through reducing erosion and siltation, reforestation is important to protect the banks and streams to preserve existing and potential hydroelectric capacity. Targeted reforestation efforts can be undertaken in conjunction with the development of renewal hydro-power generation.

A strong sustainable forestry program can support electric distribution systems through the planting of trees for utility poles. Tree farming for poles can reduce the cost of distributing electricity in some rural areas by as much as 50% because of the high cost of concrete poles. Wooden utility poles can provide a source of local income and encourage wise forest management practices.

Finally, U.S. rural electric cooperative expertise can be used in joint energy efficiency and reforestation programs. Several U.S. rural electric cooperatives, including Pierce-Pepin Electric Cooperative in Ellsworth Wisconsin, have offered to make voluntary contributions for the preservation of tropic forests and reforestation to offset their carbon dioxide emissions.

VII. Basic Shelter

Adequate shelter is a basic need in all societies, industrial or developing. However in the developing world, shelter needs are so immense that the people themselves are forced to solve their housing problem as best they can with limited resources. This phenomena is often referred to as the "informal sector" approach in contrast to public or private institutions that traditionally finance or build houses. For example in the Caribbean, it is estimated that 50 to 70% of new housing is by the informal sector; in South America and Africa, 20 to 70% of the urban population live in informal settlements. Typically, these informal settlements lack water supplies, sanitary systems and electrification. The rural dweller faces similar deprivation: lack of the most basic facilities and no assistance to improve their situation.

We encourage the Subcommittee to support a strong AID Housing Guarantee Program and continued U.S. contributions to the United Nation's Centre for Human Settlements (UNCHS) at $400,000 in FY 1991. Habitat assists developing countries in the development of sound human settlements policies.

The Cooperative Housing Foundation (CHF) has worked with Habitat since 1980 in providing planning and management assistance to Dodoma's low cost housing program in the newly designated national capital of Tanzania. Working with AID, CHF has also undertaken an innovative Cooperative Neighborhood Improvement and Job Program in Central America. This program provides revolving loans to grass-roots community groups, including credit unions and housing cooperatives, to improve local living conditions. This successful model can be replicated in other regions and countries.

Thank you.

LETTER FROM REV. CHARLES A. KIMBALL AND DR. DALE L. BISHOP, NATIONAL COUNCIL OF THE CHURCHES OF CHRIST

18 June, 1990

The Honorable Patrick Leahy
Foreign Operations Subcommittee
Senate Appropriations Committee
United States Senate
Washington, DC

Dear Senator Leahy and members of the Foreign Operations Subcommittee,

We appreciate this opportunity to submit testimony relative to two issues which we feel ought to be considered in the allocation of U.S. foreign aid. The issues we raise reflect not only our own discussions and statements of policy, but also, and more importantly, the concerns which have been shared with us by Christians in the Middle East.

The two issues we would highlight today are Cyprus and the Israeli-Palestinian question.

Cyprus, an island tragically divided since 1974, continues to be a matter of deep concern for the churches. The involvement in the Cyprus issue of two recipients of U.S. aid, Turkey and Greece, as well as fundamental human rights and humanitarian concerns, make Cyprus a relevant matter for this committee's deliberations.

The member churches of the National Council of Churches of Christ in the USA have been concerned particularly about three facets of the question of Cyprus. First, we believe that the unity of the island must be restored. Many Cypriots continue to be internal refugees in their own country, and should be granted the right to return to their homes. We believe that the unity of the island, and the guarantee of full political rights to all its citizens, both Greek- and Turkish-speaking, are fundamental preconditions to a peaceful resolution of this issue. Essential to the realization of that unity is the withdrawal of foreign troops from Cyprus.

Among human rights issues deserving particular attention is the need for a final determination of the fate of missing persons in the wake of the Turkish incursion in 1974. The uncertainty regarding the fate of these persons represents a continuing trauma in the lives of their family and friends and is a source of bitterness between the two communities.

Finally, we are concerned about continuing reports of the desecration or neglect of churches, monasteries and cemetaries in the Turkish-occupied zone of Cyprus. The possible loss of the artistic and religious heritage of the ancient churches of northern Cyprus is a concern not only of the Church of Cyprus, but also of Christians through the world. We believe that the occupation forces should be held accountable for the preservation and care of these historic treasures.

Turning our attention to the Israeli-Palestinian issue, we would reiterate our Council's position, adopted in November of 1980, that the status of Jerusalem should be determined through negotiations between parties to the conflict. In the meantime, we believe that unilateral actions affecting the status of the city are an obstacle to a just and peaceful resolution of the Israeli-Palestinian issue. The recent occupation of St. John's Hospice in the Christian quarter by Israeli settlers and the subsequent mistreatment of the Greek Orthodox Patriarch of

Jerusalem and many of his clergy and people, illustrate vividly the validity of that position. The participation of the Israeli Government's Ministry of Housing in the illegal subleasing of this property, adjacent to the Church of the Holy Sepulchre, is profoundly disturbing in light of the substantial aid directed to Israel by the United States. The Hospice continues to be controlled by armed settlers, and the presence of these settlers as well as Israeli soldiers protecting them has disturbed the sanctity of that precinct.

The churches are not concerned only, or even primarily, about the status of property and shrines, however. They are concerned by the alarming decrease in the Christian population in Israel and the Occupied territories, a decrease that is related to the difficult circumstances under which they and other Palestinians live. Among their immediate fears is loss of land and loss of homes. Much of U.S. aid to Israel is unrestricted and hence may subsidize indirectly the displacement of Palestinians from their homes and lands as new settlements are built. We would urge a U.S. aid policy that assures that U.S. funds are not used to displace Palestinians, whether Christian or Muslim.

Finally, we would reiterate our concern about the level of military aid directed to the Middle East. At a time when disarmament and mutual security agreements are being concluded between the two superpowers, the arms race in the Middle East in both quantitative and qualitative terms continues unabated. This represents a destabilizing factor in the region, and a threat to regional and world peace.

Yours respectfully,

The Rev. Dr. Charles A. Kimball
Director, NCCCUSA Middle East Office

Dr. Dale L. Bishop
United Church Board for World Ministry,
Chair, NCCCUSA Middle East Committee

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